

DRAFT

TECHNICAL REPORT:
AIDS SPENDING in
INDONESIA
2006-2007

ACKNOWLEDGEMENT

The National AIDS Spending Assessment (NASA) is a tool/ method that had been introduced by the UNAIDS Geneva to measure the commitment of a nation in combating a global epidemic disease such as HIV and AIDS. The development of NASA 2006-2007 is a jointly teamwork involved highly motivated senior staffs of the National AIDS Commission, UNAIDS Indonesia, Department of Health and other Sectors at the central level, as well as colleagues from 3 selected provinces. We would like to thank to UNAIDS and National AIDS Commission (NAC or KPA) for giving us the opportunity to work on NASA for Indonesia It is grateful to thank to:

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3. Indonesia Red Cross
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Finally, we hope that the report of NASA 2006-2007 will benefit as part of milestones for better health development in Indonesia.

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LIST OF ABBREVIATION

AIDS : Acquired Immune Deficiency Syndrome

| | | |
|--------|---|--|
| ASC | : | AIDS Spending Categories |
| CDC | : | Central for Diseases Control |
| CST | : | Care and Support Treatment |
| DFID | : | Department for International Development |
| GFATM | : | Global Fund to Fight IDS, Tuberculosis and Malaria |
| GRM | : | |
| FHI | : | Family Health International |
| HIV | : | Human Immuno-deficiency Virus |
| IEC | : | Information, Education, Communication |
| IDU | : | Intravenous Drug User |
| IHPCP | : | Indonesia HIV and AIDS Prevention And Care Project |
| ILO | : | International Labor Organization |
| IPF | : | International Partnership Fund |
| KPAD | : | Komisi Penanggulangan AIDS Daerah = Local AIDS Commission |
| MDG | : | Millenium Development Goals |
| MOF | : | Ministry of Finance |
| MOH | : | Ministry of Health |
| NAC | : | National HIV and AIDS Commission |
| NAP | : | National Action Plan |
| NASA | : | National HIV and AIDS Spending Assessment |
| NHA | : | National Health Account |
| NGO | : | Non Governmental Organization |
| PLWHA | : | People Living with HIV and AIDS |
| PMTCT | : | Prevention of Mother To Child Transmissions |
| STI | : | Sexually Transmitted Infections |
| UNAIDS | : | Joint United Nations Programme on HIV and AIDS |
| UNGASS | : | United Nations General Assembly Special Session |
| UNESCO | : | United Nations Education of Scientific and Cultural Organization |
| UNFPA | : | United Nations Population Fund |
| UNICEF | : | United Nations Children”s Fund |
| WHO: | : | World Health Organization |

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CHAPTER I

INTRODUCTION

1. INTRODUCTION

HIV EPIDEMIC IN INDONESIA

HIV and AIDS has been such a growing phenomenon in Indonesia since last few years. This infectious disease which happened remain a non government priority in the past has attracted people to start aware of how this might become more serious in the future.

Basically, the HIV and AIDS epidemic in this country has been going on for 20 years. Since 2000 the epidemic has been concentrated in several high risk sub-population i.e. injecting drug users, transvestites, and female sexual workers. During the last three years the number of people reported HIV positive has increased rapidly. This accelerating situation is caused by the combination of HIV transmission through the use non-sterile needles and sexual transmission among high risk population. In Papua (Provinces of Papua and West Irian Jaya), the increased situation turned out to have spread further with the incidence of sexual transmissions among the general population, which had so far been considered as low risk population.

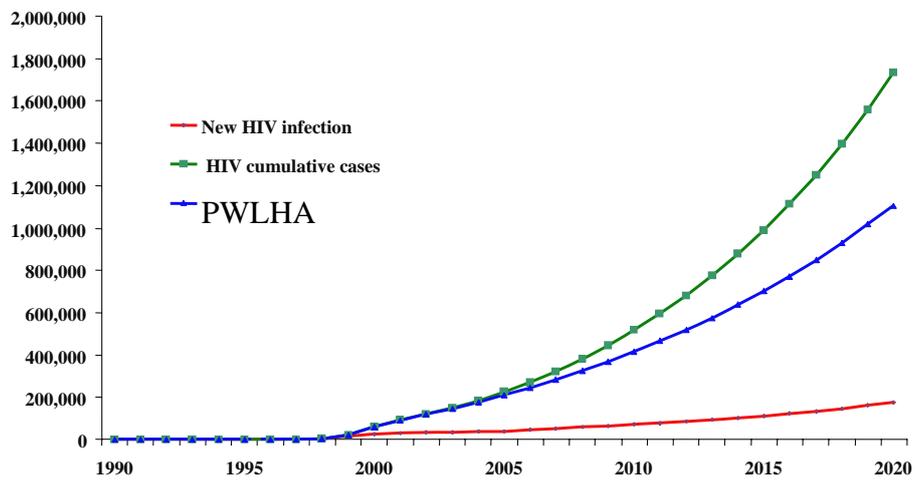
The concentrated HIV and AIDS epidemic is reflected in the Ministry of Health 2006 report¹. Since 2000 HIV and AIDS prevalence as remained constant at above 5% in a number of certain high risk sub-population. From a number of sentinel sites, in 2006 HIV and AIDS prevalence ranged from 21% – 52% among injecting drug users, 3% - 17% among transvestites, and 1% - 22% among female sex workers.

The Ministry of Health also reported the accelerating increase of new HIV and AIDS cases during the last 3 years. This is reflected in the number of new HIV and AIDS cases that reached 2,873 in 2006. This figure is double the number reported during the first 17 years of the HIV and AIDS epidemic in Indonesia, which totaled 1,371. From these new cases 82% were men, those aged less than 30 years representing 74%.

¹ National Report: Estimation of Risk Population Transmitted to HIV and AIDS in Indonesia. Jakarta: Diseases Control & Environmental Health, Ministry of Health-GOI, 2006.

The National Action Plan document stated that if the currently still limited response remain as it is and the low program coverage continue, then the HIV epidemic modeling indicates that the infection rate will continue to increase in Indonesia. It is estimated that there will be around 400.000 people infected by HIV in 2010, and 100.000 of them will die or there will be 1 million PWLHA in 2015 with 350,000 deaths. The following figure will illustrate how the epidemic may become serious threat:

Figure 1
Estimated Trend of HIV Epidemic Progress in Indonesia until 2020



Source: Report on Estimated High Risk Population for HIV Infection 2006
 Departemen Kesehatan RI

THE NATIONAL RESPONSE

The government of Indonesia has committed to conduct a comprehensive, coordinated and strengthened response to HIV and AIDS. Since 2000, the HIV epidemic in Indonesia has largely remained concentrated in 4 particular vulnerable populations: sex workers, IDUs, MSM and *waria* (*transgender*).. National policy and strategy reflect Indonesia's international commitment to response to the epidemic; mobilize resources to fight the epidemic and to eliminate stigma and discrimination against PLWHA

Transmission of HIV through sharing contaminated injecting equipment was identified as the cause of acceleration in the number of infections nationally in the last 5 years. However, it is predicted that in 2008 unsafe sexual behaviours will begin to dominate transmission. Indonesia formulated an updated National HIV and AIDS Strategy 2007-2010, which aims: (1) to prevent and reduce the incidence of HIV infection; (2) to increase the quality of life of those who are HIV positive; and (3) to reduce social and economic impacts for those with HIV and AIDS, their families and communities.

There are 8 key targets to be met by 2010:

1. 80% of most-at-risk populations (MARPs)² have access to a comprehensive prevention program.
2. 60% of MARPs reached with behaviour change interventions.
3. 80% of those who are eligible can access ARV and CST as needed.
4. Enabling environment established, in which civil society can play a significant role, and stigma and discrimination are eliminated or at least minimised.
5. Funding and other resources (both from domestic and international sources) can meet needs in 2008.
6. 60% pregnant women who are HIV positive can get ARV prophylaxis.
7. Orphaned and vulnerable children (OVC) can access proper support.
8. 50% reduction in new infections, or 35,000 new infections instead of the 70,000 new infections projected in 2010 if program coverage remains at current levels.

² Sub-populations which have already been identified as most-at-risk populations in Indonesia are injecting drug users, MSM, sex workers and their clients, migrant workers, refugees, prisoners as well as those who are 15 years of age and above in Papua and West Papua provinces.

To achieve these targets, programs must be guided by the following strategies:

1. Focusing programs to move towards achieving Universal Access, i.e. to achieve the 8 key targets mentioned above.
2. Establishing evidence-based priorities and targets.
3. Providing a comprehensive-services approach to those who are in need.
4. Building partnership between national and local government, and with support from international funding agencies.
5. Allocating funding from the national and provincial government budgets.
6. Improving human resource capability and technical assistance.
7. Conducting policy and intervention-oriented research.
8. Strengthening the monitoring and evaluation system.

Scaling-up the implementation of a prevention program continues to be a focus of the national strategy. A large gap remains between the national estimates of the number of PLWHA (193,000 as of September 2007) and the number of reported cases (10,382 as reported by the CDC and NAC). This gap indicates weakness in national surveillance and outreach to most-at-risk populations. Data indicates that every year 3000 – 5000 people die of AIDS — almost 10 people per day — and it is expected that most of these deaths are preventable if there is earlier diagnosis earlier commencement of appropriate treatment.

The NAC launched the ‘Acceleration Program’ in 100 districts in April 2006. This program aims to provide most-at-risk populations in 100 districts in Indonesia with comprehensive services, including: behaviour change interventions; 100% condom use in at-risk areas; STI clinical services with a public health design; VCT services; harm reduction services for IDUs; CST services; PMTCT services; and Public Service Announcements.

FINANCIAL COMMITMENT

The Government of Indonesia has committed to response this alarming situation and put more attention on how to fight the increasing epidemic and minimize the impact. As consequence, national commitment is expected to increase from time to

time according to the priority activities. The United Nation General Assembly Special Session (for HIV and AIDS) or UNGASS set up indicators to monitor efforts in countries, including financial commitment. Indicator 1 of UNGASS reflects domestic and international AIDS spending by categories and financing sources. Tracking expenditures for AIDS is required in order to inform all parties' contribution for AIDS in Indonesia...

Using NASA approach, it was identified that HIV public expenditure in 2004 was accounted for USD 10,605,129. Ideally, three sources of funds are traced: government, international and private contribution. The assessment recommended adding the analysis with international contribution for AIDS.

For the 2007 report we extended the analysis to cover the expenditure data of 2006 and 2007 from two sources: Public and International Sources. NAC expects to see the improved budget allocation as compared to the previous year, and trends of depending on external sources will be decreased. UNGASS also sees the increased government contribution as a high commitment of the country to combat HIV and AIDS. By looking at both sources: government and international, NAC could identify the financial commitment of the government and learn whether Indonesia has a tendency of relying on external sources.

2. OBJECTIVES

The overall objective of this report is to provide information on the AIDS spending in Indonesia for the year 2006 and 2007.

The specific objectives are:

1. To identify total HIV and AIDS expenditure in 2006 and 2007
2. To ascertain the sources of funds used to finance national response in 2006 - 2007

3. To obtain a description of the total and share of international funding allocated to HIV and AIDS intervention response
4. To obtain a description of the total and share of public and funding allocated to HIV and AIDS intervention response at central and 3 selected provinces.
5. To investigate the distribution of funding by source and agent
6. To describe the use of funds for HIV and AIDS based on AIDS Spending Categories (ASC)
7. To compare 2006 and 2007 AIDS spending categories
8. To provide recommendation on the application of NASA

CHAPTER II

METHOD

1. NASA

UNAIDS has introduced the instrument of AIDS spending assessment (NASA). The tool was designed to track down the AIDS spending within particular fiscal year from source of fund down to the beneficiaries. It offers some benefits such as classifying the expenditure into detail 8 categories including (1) prevention, (2) care and treatment, (3) orphan and vulnerable children, (4) program management and administration strengthening, (5) incentives for human resources, (6) social protection and social services excluding orphan and vulnerable children, (7) Enabling environment and community development, (8) research excluding operation research with 80 comprehensive sub categories together with identifying the sources of fund used.

Resource tracking is based on a methodology to reconstruct all the financial transactions related to the National Response to HIV and AIDS epidemic.

- A transaction is a transfer of resources between different economic agents.
- It follows the money from sources to mobilization to provision and factor tracking to consumption (final use).

Basic principle of the financial flow is that it describes the transit of resources from a source to an agent, who purchases from a provider one or more AIDS Spending Categories benefiting beneficiary populations, specified or not, and produced consuming production factor.

NASA involves a sequence to track down, record and categorize financial data of HIV/AIDS program intervention as follows:

1) Financing Sources: Financing sources are entities that provide money to financing agents to be pooled and distributed. Analysis of financing sources may be of particular interest in countries where funding for the HIV and AIDS response is heavily dependant on international sources of financing or when there are pooled sources through few management entities. The classification is compatible with existing schemes and with the System of National Accounts (SNA). It is designed to

reflect some of the key policy interests in the National HIV and AIDS response, domestic funding and the donor-country relationship.

List of all institutions that provide funds such as:

- Central Government of Indonesia: Central level budget (called '*Anggaran Pendapatan dan Belanja Negara*' or APBN and De-concentration budget/ MOH budget)
- Local Government: Provincial and District Budget
- Foreign loans and grants from bilateral donor agencies and multi lateral donor agencies
- Grants from international non-governmental organization (INGO)
- National non-governmental organization (Local NGO)
- Community and household/individual fund (out-of-pocket)

2) Financing Agents: Financing agent are entities that pay for or purchase services or goods (health care or others). These entities receive financial resources collected from different financing sources and transfer them to finance a program or as a payment to the providers of services and goods.

Financing agents are institutions that pool resources collected from different sources, as well as entities (such as households, firms or donors) that pay directly for using their own resources; they are poolers, purchasers as well as distributors of financial resources.

The institution managing the fund for HIV/AIDS:

- Government institutions such as department and non-department
- Non-governmental organization such INGO and Local NGO
- Other social organizations

3) Functions: The transactions should be comprehensibly tracked to determine the actual reach among the beneficiary population. NASA comprises specific boundaries around the transactions related to HIV and AIDS, functions that include programmatic areas.

Activities of AIDS program interventions funded and classified into 9 categories of functions (based on NASA category) as follow:

- Prevention
- Treatment and Care
- Orphan and Vulnerable Children
- Program Management Cost
- Human Resources Incentives
- Social Mitigation
- Community development and enhanced environment to reduce vulnerability
- AIDS Related Research
- Other category of HIV and AIDS expenditures not previously listed

4) Service Providers: the institutions provide direct services and interventions of HIV/AIDS program. The institutions are varied and can be in the form of hospital, social service support, counseling services, dissemination of HIV/AIDS information, etc.

5) Components or factors of the production function (budgetary items/objects of expenditure): explanation about the uses of fund based on cost component such as investment, operational, and maintenance of HIV/AIDS program intervention

6) Beneficiaries: target groups who are receiving the benefit of fund uses or spend. These groups are varied like people living with HIV/AIDS (PLWHA), people affected by HIV/AIDS, potential clients, youth, student, up to general community.

Based on the UNGASS priorities, NASA has three phases; (1) total public spending from central and sub-national governments, as well as government managed funds including, but not limited to parastatal organizations and public social security health insurance schemes; (2) international aid from bilateral and multilateral agencies, including the Global Fund for AIDS Tuberculosis and Malaria (GFATM) and private international; and (3) private expenditures, with emphasis on the households'

expenditure, mainly out-of-pocket, and from company/corporations (as workplace programs).

NASA is obviously using the same approach as the National Health Account, in which the tool is modified to track the national health expenditure by source, agent, provider and beneficiaries components. Ideally, NASA would also include these all AIDS spending components. However, NASA 2006-2007 covered the expenditure by source only. It was also agreed that the scope of this stage is limited to the government and international sources of fund.

As it is the objectives of the report, NASA was designed particularly to:

1. Support in-country policy and decision making process, specifically for AIDS
2. Provide indicators on the financing of AIDS
 - a. Annual estimates of Financing Sources and Functions
 - b. Comparison: resources available (PAST) and (FUTURE) resource needs
 - c. Monitoring of Declaration of Commitment (e.g. UNGASS)
- 3 International Comparability
- 4 Utilization of data for country defined purposes by AIDS program managers/policy and decision makers

NASA matrix is presenting data of sources of fund (column) including public, international and private sources and AIDS spending categories (rows) covering the 8 main categories.

Table 1:
Matrix of NASA

| National Funding Matrix AIDS Spending Categories by Financing Sources | | | | | | | | | | | | | |
|--|---------------------------|------------------|-------------------|--------------|------------------------|------------------|-------------------------|-------------|---------------|----------------|--|-------------------|----------------|
| YEAR _____ | | | | | | | | | | | | | |
| Calendar Year: Yes ___ No ___ | | | | | | | | | | | | | |
| (Specify beginning/end) | | | | | | | | | | | | | |
| Average Exchange Rate for the year _____ | | | | | | | | | | | | | |
| AIDS Spending Categories | FINANCING SOURCES | | | | | | | | | | | | |
| | TOTAL (Local Currency) | Public Sources | | | | | International Sources | | | | Private Sources (optional for UNGASS reporting) | | |
| | | Public Sub-Total | Central/Na-tional | Sub-National | Dev. Bank Reimbursable | All Other Public | International Sub-Total | Bilaterals | Multilaterals | | All Other | Private Sub-Total | Coorporatio ns |
| | | | | | | | | UN Agencies | Global Fund | Dev. Bank Non- | International | | |
| TOTAL (Local Currency) | | | | | | | | | | | | | |
| 1. Prevention | | | | | | | | | | | | | |
| 2. Care and Treatment | | | | | | | | | | | | | |
| 3. Orphans and Vulnerable Children * | | | | | | | | | | | | | |
| 4. Program Management and Administration Strengthening | | | | | | | | | | | | | |
| 5. Incentives for Human Resources ** | | | | | | | | | | | | | |
| 6. Social Protection and Social Services excluding Orphans and Vulnerable Children | | | | | | | | | | | | | |
| 7. Enabling Environment and Community Development | | | | | | | | | | | | | |
| 8. Research excluding operations research which is included under | | | | | | | | | | | | | |

This matrix is useful to inform who finance what priority activities in the country, and whether the country could ensure the sustainability of the resources in the future by looking at the trends. It is expected that the government would provide increased funds year by year. The information could also be used to overview the transparency of the donor funds, how the fund has been used and the achievement.

CAPACITY BUILDING

NAC had committed to present data spending for HIV and AIDS program in Indonesia in the future. Providing more detail financial information for decision making process has been initiated since 2005. To sustain the agenda, therefore, NAC also conducted some activities related to capacity building as it is described below;

1. In 2005, NASA training was conducted in Indonesia to staffs from main ministries for 5 days. While the donors' staff only received brief explanation regarding the NASA methodology for the first day in Jakarta, trained by NASA team Geneva..
2. NASA data collection 2004-2005 was conducted for UNGASS report 2006.
3. NASA consultant and NAC staff plus UNAIDS staff received NASA refreshing course in Geneva in November 2007
4. Monitoring Evaluation team received brief explanation about NASA in 2007.

It is expected that this NASA data collection process could be institutionalized with a significant commitment from relevant actors such as other department/ ministries, lead by NAC.

2. NASA STEPS

The five steps to construct NASA include consecutive activities that represented in the following details:

Planning

Prior to the field activities, the team, consisting of 1 local senior associate consultants, 2 consultants, and 1 trained data collector, prepared the whole process of the study during planning process. The plan covered activities which included dissemination of NASA process, matrix, and expenditure related information to stakeholder such as institution/department/sectors, donors and representatives from three selected provinces, followed by developing schedule to set the time allocation for each process, persons in charged, and resources needed.

Data Collection

NASA team had collected the information prior to field activities by inviting all likely related funding contributors including central and sub national authorities, and international partners. The information collected includes how much fund being allocated by source, how much HIV expenditure incurred, to what programs or activities the fund was used for, what or who the agencies were taking responsibility for the implementation, etc.

Data collection was conducted during November-December 2007 for 2006 AIDS Spending and Feb-March 2008 for 2007 AIDS Spending. This process indicated that double check of the information being gathered might be required since one particular source of fund could distribute to several agents. For example, the expenditure data from IPF might include funds distributed through UN Agencies, MOH, or to AusAID. At the same time, UN Agencies' spending report might cover

their funding from the IPF. In this kind of situation, double counting could be avoided by thorough investigation and scrutinized the information using NASA matrix.

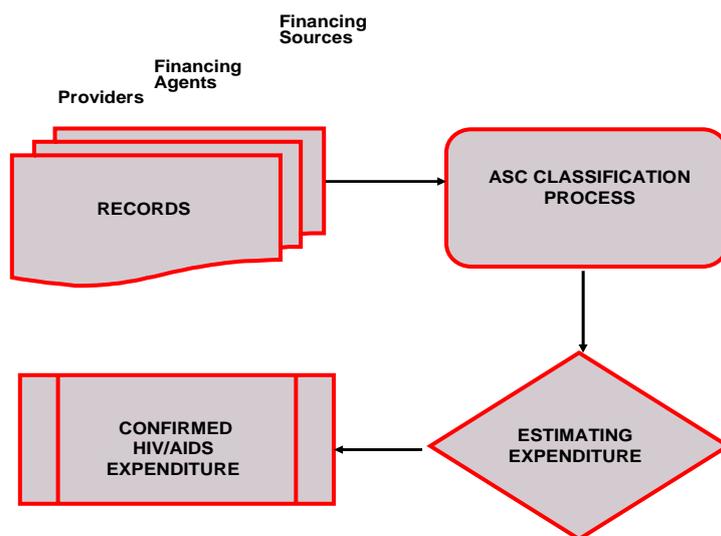
- **HIV and AIDS Spending in 2006**

Data was collected from numbers of sources: Public and International Public source data was gathered from 11 Ministry offices, and 3 selected provinces (Papua, Bali and DKI Jakarta). The international partners included in the analysis were Multilateral (UN Agencies, Global Fund) and bilateral (USAID, AusAIDS, DFID). This process was conducted sooner after having approval to collect the information from the institutions (sectors and international donor). It was during the fourth week of December 2007 up to the first week of January 2008. The result has already been used for UNGASS report and submitted to UNAIDS headquarter as well as NAC.

- **HIV and AIDS Spending in 2007**

Phase 2 of data collection process for 2007 HIV and AIDS spending was conducted during February and March 2008. This second period of data collection was somewhat easier than that of previous 2006 HIV and AIDS spending process. Related institutions (public and international sources) have been familiar with the matrix and what information might be considered relevant to the context. However, the public expenditure for 2007 data was not available in the beginning of year 2008 since the fiscal year ended in December but the audited financial report can only be obtained in March or even April 2008. Donors, on the other hand, had prepared their 2007 spending data and committed to share information for this NASA report. Some international partners had been identified such as European Union and the World Bank, and willing to share information on their contribution for AIDS activities in Indonesia. Data collection was completed in the last week of March 2008. Figure 2 illustrates how data was collected.

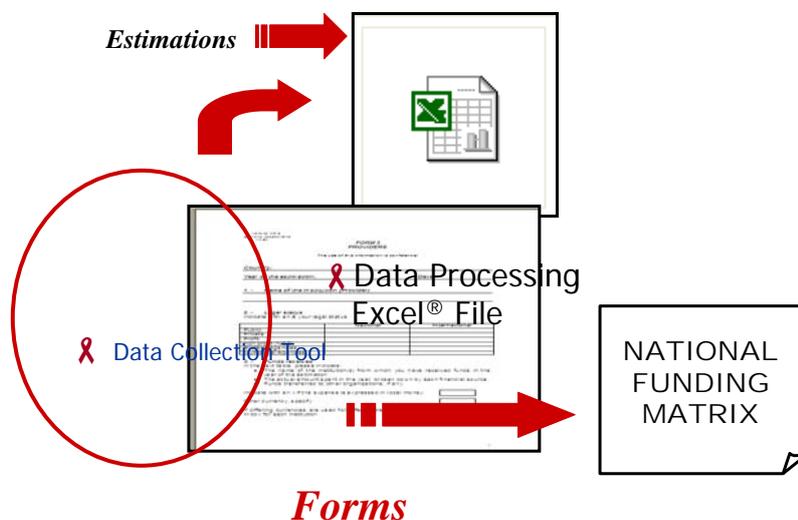
Figure 2
Data Collection Process



Data Processing

Data was processed using excel computer programming. It was grouped into sources of funds (public and international sources, as well as the agent) and HIV and AIDS spending categories. After data was compiled into particular group, data set was then entered into NASA MATRIX based on its classification As it is mentioned in NASA guideline, the data entry/processing is described as follows:

**Figure 3:
Data Processing**



Excel files were used to entry and analyzed the data and displayed using National Funding Matrix format as required. Since most of the local spending categories such as government budget/ allocation/ expenditures category are different from the NASA spending category, recoding the data was done and transform it into the NASA matrix. Several meetings and discussion with key informants have been done to verify the data and confirm the figures.

Data Analysis

The analysis firstly describes total national HIV and AIDS expenditure in 2006 followed by 2007 findings. The discussion of sources of fund to finance the national response (public and international sources) and the distribution of the fund by the Agent HIV and AIDS spending categories would be described in detail based on the information of the sources.

In terms of the HIV and AIDS spending category, some approaches were utilized to anticipate possible difficulties on how to classify the widely range of various programs. It was firstly gathering more detail information by checking the spending one by one referring to NASA requirement. Then, interview key staff was done once necessary. Should the differences on interpreting the spending category was occurred,

data collector may initiate a discussion with the key staff and confirmed the spending category into NASA format.

The description of AIDS Spending for 2006 and 2007 will be discussed separately. Then, data from two fiscal years will be compared in the discussion section according to the purpose and objectives of the study. Data of 2006 covered HIV and AIDS direct spending for program response, lacking some of components such as staff salary. Data for 2007 includes spending on salary in addition to spending on such program responses. Apportionment of the salary to the specific programs was done based on time allocation spent for HIV and AIDS for each individual who were involving in HIV and AIDS activities. The information was gathered from key persons in the respective ministries. Similar approach was used for sub-national level data estimation. For donors, it seems that overhead costs were not included in the analysis.

Final Report

The preliminary draft was submitted electronically to the NAC to get comments and inputs, in April 2008. However, the 2006 findings was already been used for UNGASS report. The final report consolidates the two year data and being finalized in the last week of April 2008.

CHAPTER III

FINDINGS ON HIV and AIDS SPENDING IN 2006

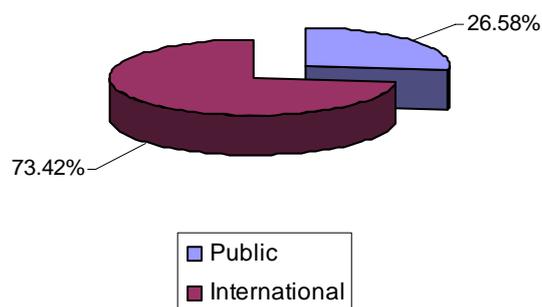
1. HIV AND AIDS SPENDING IN 2006

U

NGASS indicator no 1 required expenditure data of 2006 from two sources: International sources and Public Sources.

In 2006, total HIV and AIDS expenditure was USD 56,576,587, of which 73.42% (US\$ 41,538,103) was financed by international sources and 26.58% (USD 15,038,484) by the public sector (central and local government), while private sources was not included in the analysis since the data was not available. .

Figure 4
Proportion of HIV and AIDS Spending by Source of Fund in 2006



Government had been supported by numbers of international partners (bilateral and multilateral) for HIV Response. The following NASA Matrix presents what public and international parties dealing with funding the 8 major HIV and AIDS spending in Indonesia during the year of 2006. Detail of sub categories could be seen in the exhibit of this report.

**Indonesia HIV and AIDS Spending in 2006
(in USD)**

| JANUARY-DECEMBER 2006 | | FINANCING SOURCES | | | | | | | |
|--------------------------------------|---|-------------------|------------------|----------------|------------------|-------------------------|------------|------------|----|
| | | TOTAL | Public Sub-Total | Public Sources | | | Inter | | |
| AIDS Spending Categories | Central / National | | | Sub National | All Other Public | International Sub-Total | Bilateral | Mult (sub | |
| TOTAL AIDS Spending Categories (USD) | | 56,576,587 | 15,038,484 | 13,179,463 | 1,859,021 | - | 41,538,103 | 28,175,558 | 13 |
| 1. | Prevention | 23,179,628 | 5,029,743 | 4,377,906 | 651,837 | - | 18,149,885 | 15,581,136 | 2 |
| 2. | Care and Treatment | 14,073,523 | 106,832 | 92,158 | 14,674 | - | 13,966,690 | 4,403,757 | 9 |
| 3. | Orphans and Vulnerable Children | 45,850 | - | - | - | - | 45,850 | - | |
| 4. | Program Management and Administration Strengthening | 12,161,368 | 8,998,960 | 8,127,294 | 871,666 | - | 3,162,408 | 2,600,023 | |
| 5. | Incentives for Human Resources | 4,562,592 | 340,779 | 215,206 | 125,573 | - | 4,221,813 | 4,003,611 | |
| 6. | Social Protection and Social Services excluding Orphans and Vulnerable Children | 27,174 | 27,174 | - | 27,174 | - | - | - | |
| 7. | Enabling Environment and Community Development | 2,413,421 | 495,866 | 327,768 | 168,098 | - | 1,917,554 | 1,538,129 | |
| 8. | Research excluding operations research | 113,031 | 39,129 | 39,129 | - | - | 73,902 | 48,902 | |

Total AIDS Expenditure in table 2 may be underestimated due to some missing data, for example data of other international partners participated in funding the HIV and AIDS program response in Indonesia. There might be more international partners working on fighting the HIV directly to particular province or district but do not report their activities to NAC. It could be anticipated if more time to explore more possible international donor was available.

Public spending by Sectors, on the other side, might be also underestimated. It was identified during the investigation that there were sectors conducting the HIV and AIDS activities but claimed such activities as non HIV and AIDS spending. The spending was actually not specified as HIV and AIDS related activities but part of other activities instead, for example distributing HIV leaflet during workshop to youth at school for other youth program.

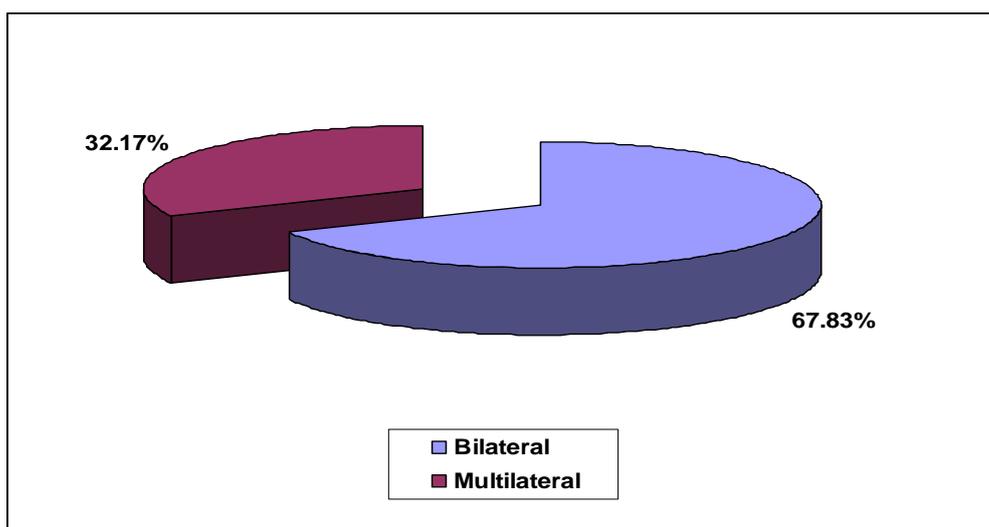
2. EXPENDITURES BY SOURCE

1)

INTERNATIONAL SOURCES

In 2006, of the total international expenditure on AIDS in Indonesia, bilateral funds contributed 67.83% (US\$ 28,175,558) and multilateral partners contributed 32.17% (US\$ 13,362,545). Bilateral partnerships included the government of the United States (US), Australia, United Kingdom (UK), Japan and the Netherlands, while multilateral donors included United Nations (UN) agencies, funds and programs (WHO, UNFPA, UNICEF, ILO, UNESCO, UNAIDS), as well as the Global Fund and a number of other international partners such as International Red Cross. Figure 5 below shows the breakdown of total international expenditure on AIDS in Indonesia.

**Figure 5:
Proportion of AIDS Spending by International Source in 2006**



Bilateral Contribution

Of all bilateral commitments to the HIV response in Indonesia, significant contributions were provided by the governments of UK (DFID), USA (USAID) and Australia (AusAID). The Indonesian Partnership Fund for HIV/AIDS, funded by DFID, consisted of 52.74% of total bilateral commitment for AIDS. The proportion of the bilateral funds from USAID was 25.15% (mostly implemented by FHI/ASA) and AusAID 21.34% (mostly implemented by IHPCP). The remaining bilateral support (less than 1%) was provided by other partners.

**Table 3:
AIDS Spending by Bilateral Partner in 2006
(in USD)**

| No | Source | Total | % |
|----|--------------------|------------|--------|
| 1 | UK (DFID) | 14,859,921 | 52.74 |
| 2 | US (USAID) | 7,084,881 | 25.15 |
| 3 | AUSTRALIA (AusAID) | 6,013,785 | 21.34 |
| 4 | NETHERLAND | 167,499 | 0.59 |
| 5 | JAPAN | 49,472 | 0.18 |
| | TOTAL | 28,175,558 | 100.00 |

Multilateral Contribution

The Global Fund was the largest sources of funding from multilateral source in Indonesia, providing US\$ 10.464.961 or 78.32% of the total multilateral contributions. The UN Agencies provided US\$ 2,897,137 or 21.68% of the total multilateral source, and the remaining fund provided by other International source.

Table 4:
HIV and AIDS Spending by UN Agencies in 2006
(in USD)

| No | UN AGENCIES | TOTAL (\$) | % |
|----|---------------------|-------------------|---------------|
| 1 | GLOBAL FUND | 10,464,951 | 78.31 |
| 2 | UN AGENCIES | 2,897,137 | 21.68 |
| | ▪ WHO | 353,750 | |
| | ▪ UNFPA | 468,002 | |
| | ▪ UNICEF | 993,902 | |
| | ▪ ILO | 203,690 | |
| | ▪ UNAIDS | 825,268 | |
| | ▪ UNESCO | 52,525 | |
| 3 | OTHER INTERNATIONAL | 457 | 0,003 |
| | TOTAL | 13,362,545 | 100.00 |

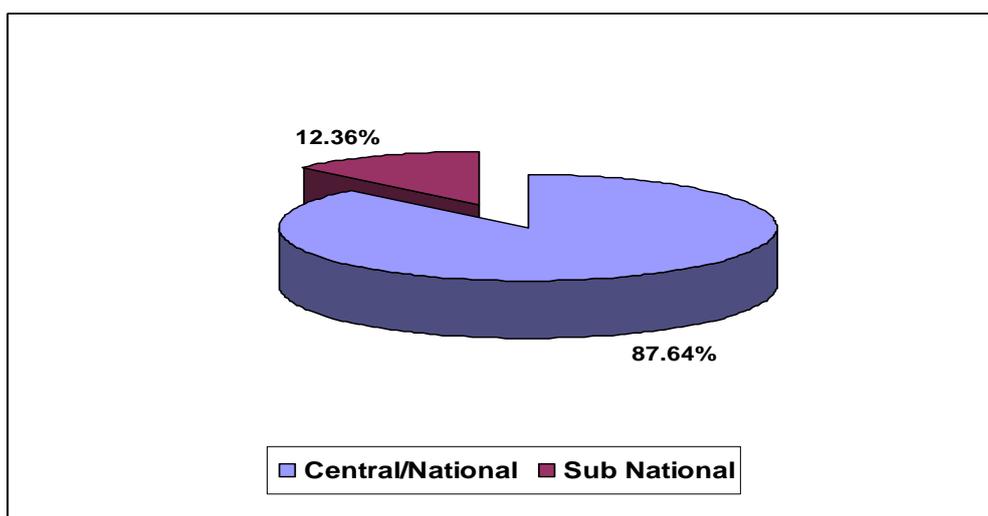
2) PUBLIC SOURCES

Most of public spending was from central government through Ministry of Finance (MOF), distributed the fund proportionally to 11 ministries including MOH and other ministries to support HIV and AIDS activities.

The Sub National level received public funds from provincial and district governments. Data on general spending for HIV and AIDS were obtained from 33 provinces and 105 districts. However, since we need the information on spending categories, only completed data from 3 provinces with high prevalence were analyzed: DKI Jakarta, Papua and Bali.

Figure 6 below shows that 87.64% of the public spending on AIDS in 2006 was contributed by Central Government. The sub-national level contribution in the analysis is represented by three provinces with highest prevalence: DKI Jakarta, Bali and Papua.

Figure 6
Proportion of AIDS Spending by Public Source in 2006



Central Level Contribution

Contributions from the national level come predominantly through the Ministry of Health (MOH), the primary implementer of HIV programs in Indonesia. Table 5 outlines spending by sector. Total central level contribution was US\$ 13,179,462. Based on Indonesian government budget regulation, basically the source of fund for all ministries is the Ministry of Finance (MOF). So, technical ministries received the fund from MOF. For technical purposes, in this report the ministries are acknowledged as the source of fund.

The MOH spent US\$ 12,543,092 in 2006, or 95.17% of national government spending on AIDS. This shows that the MOH is the main actor of HIV and AIDS program funding and provision in Indonesia. However, some underestimation are detected since several program activities under different program but related to HIV/AIDS were in place but not clearly identified.

**Table 5:
Central Level-Public Spending by Sector in 2006
(in USD)**

| No | Ministry/ Department | Expenditure | % |
|----|--------------------------------------|-------------|-------|
| 1 | Ministry of Health | 12,543,092 | 95.17 |
| 2 | Ministry of Labor and Transmigration | 17,793 | 0.14 |
| 3 | Ministry of Women Empowerment | 19,651 | 0.15 |
| 4 | Military Force (TNI) | 48,478 | 0.37 |
| 5 | Ministry of Education | 116,206 | 0.88 |

| No | Ministry/ Department | Expenditure | % |
|----|---------------------------------|-------------------|---------------|
| 6 | National Family Planning Board | 23,033 | 0.17 |
| 7 | Ministry of social Welfare | 188,490 | 1.43 |
| 8 | Ministry of Internal Affair | 25,992 | 0.20 |
| 9 | Ministry of Transportation | 24,457 | 0.19 |
| 10 | Ministry of Law and Human Right | 9,626 | 0.07 |
| 11 | Ministry of Defense | 162,645 | 1.23 |
| | Total | 13,179,462 | 100.00 |

Note: All Ministries received the fund from MOF

Sub-National Expenditures

In 2006, total AIDS expenditures at the sub-national level (3 provinces) amounted to US\$ 1,859,021 or 12.36% of total public spending. Among the 3 provinces sampled, DKI Jakarta is the province with highest HIV and AIDS expenditure within the year (US\$ 1,195,652), followed by Papua (US\$ 545,464) and Bali (US\$ 117,905). Other provinces contribution was not included in the analysis since information on spending category is not available.

3. AID SPENDING CATEGORIES

Total AIDS expenditure from international and public sources is further broken down in Table 6. The majority of funding was used in prevention programs (40.97%), followed by care and treatment (24.88%), and program management (21.50%).

Table 6:
HIV ANDS AIDS SPENDING CATEGORIES in 2006
(in USD)

| NO | PROGRAM RESPONSE | TOTAL | % |
|----|---------------------------------|------------|-------|
| 1 | Prevention | 23,179,628 | 40.97 |
| 2 | Care and Treatment | 14,073,523 | 24.88 |
| 3 | Orphans and Vulnerable Children | 45,850 | 0.08 |
| | Program Management and | | |

| NO | PROGRAM RESPONSE | TOTAL | % |
|-----------|--|-------------------|---------------|
| 4 | Administration Strengthening | 12,161,368 | 21.50 |
| 5 | Human Resources Recruitment and Retention Incentives | 4,562,592 | 8.06 |
| 6 | Social Protection and Social Services | 27,174 | 0.05 |
| 7 | Enabling Environment and Community Development | 2,413,421 | 4.27 |
| 8 | HIV ands AIDS-Related Research | 113,031 | 0.20 |
| | TOTAL | 56,576,587 | 100.00 |

Harm reduction programs were the government's major area of expenditure in the national HIV response in Indonesia. Most of the care and treatment spending was for providing treatment of opportunistic infection (OI). The MOH reported that Round IV of GFATM is focused on providing care and treatment. GFATM support for care and treatment was higher than any other sources of funding and accounted for about 67% of total resources to fund care and treatment programs. Social Protection and Social Services was the lowest funded category in AIDS spending in 2006.

CHAPTER IV

FINDINGS ON HIV and AIDS SPENDING in 2007

1. HIV and AIDS Spending in 2007

Similar with data for 2006, the 2007 AIDS Spending did not cover private sectors. However, the 2007 analysis had covered more possible spending including salary of the staffs that were involved in the program within a year. There are more sources of public and international funding identified, such as Coordinating Ministry of Welfare (public), European Union (EU), the World Bank and CARE project- a multinational agency to support for the poor all over the world - (multilateral fund).

Total AIDS expenditure in 2007 was accounted for USD 58,671,397.77 of which 73.73% (USD 43,258,120.82) was financed by international sources and 26.27% (USD 15,413,277.95) by the public sector (central and local government). Data indicated that the international partner still contributed more than public fund.

Figure 7:
Proportion of AIDS Spending by Source of Fund in 2007

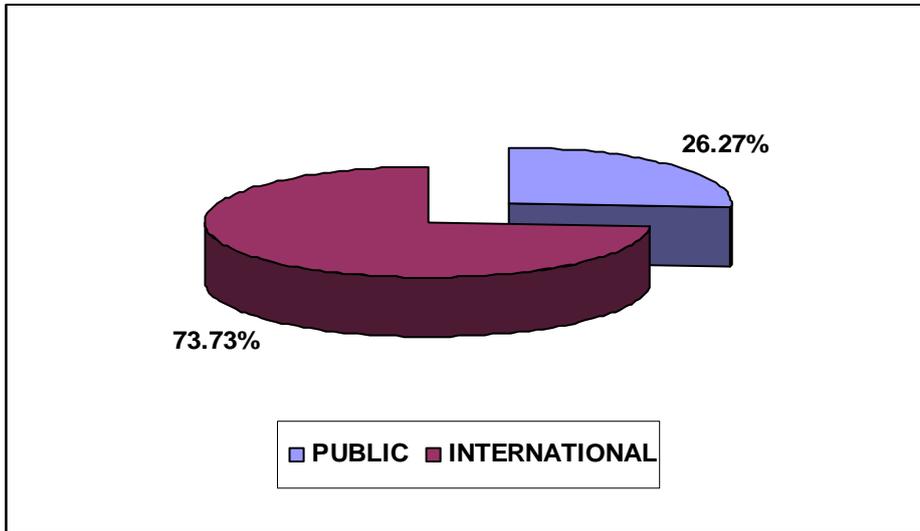
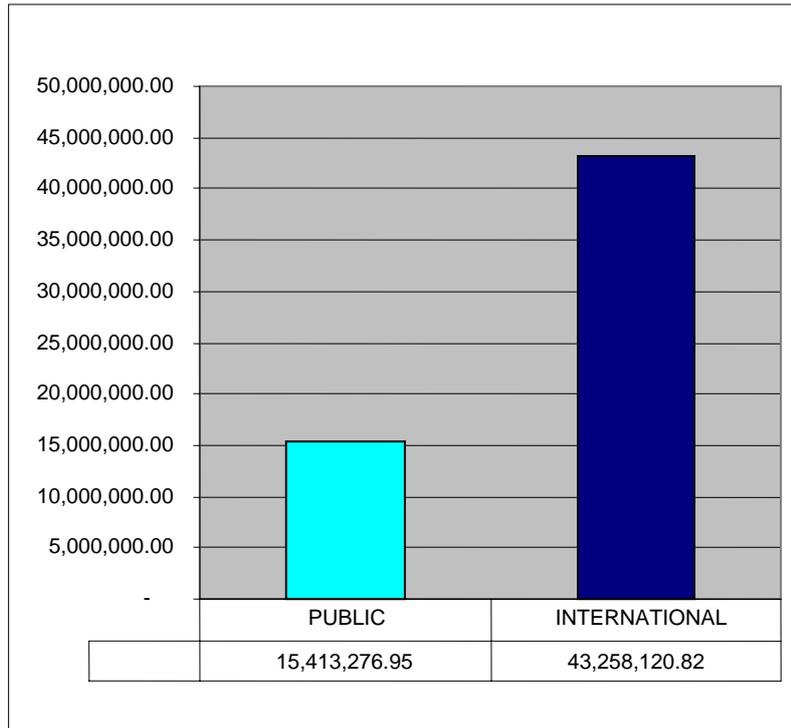


Figure 8:
Proportion of AIDS Spending by Source of Fund in 2007
(in USD)



2. EXPENDITURES BY SOURCE OF FUND

1

) INTERNATIONAL SOURCES

In 2007, some international partners participated in combating the HIV AIDS in Indonesia. The study had discovered that the national program response had been supported by bilateral partner (the government of US, Australia, UK, Japan and Netherland) and multilateral donor such as UN Agencies (WHO, UNFPA, UNICEF, ILO, UNESCO, UNAIDS), as well as Global Fund, European Union, World Bank and numbers of other international partners such as International Red Cross.

As shown in Figure 9 bilateral funds contributed 77.61% (USD 33,574,390.39) of the total international expenditures on AIDS, and multilateral partners contributed 22.39% (USD 9,683,730.43).

Figure 9
Proportion of AIDS Spending by International Source in 2007

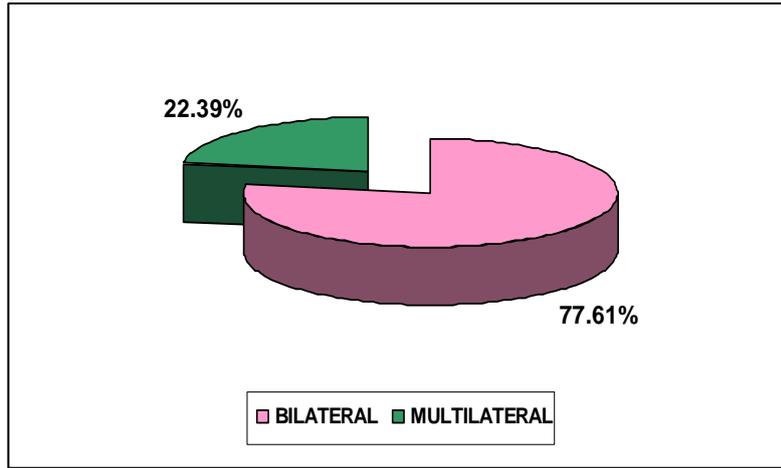
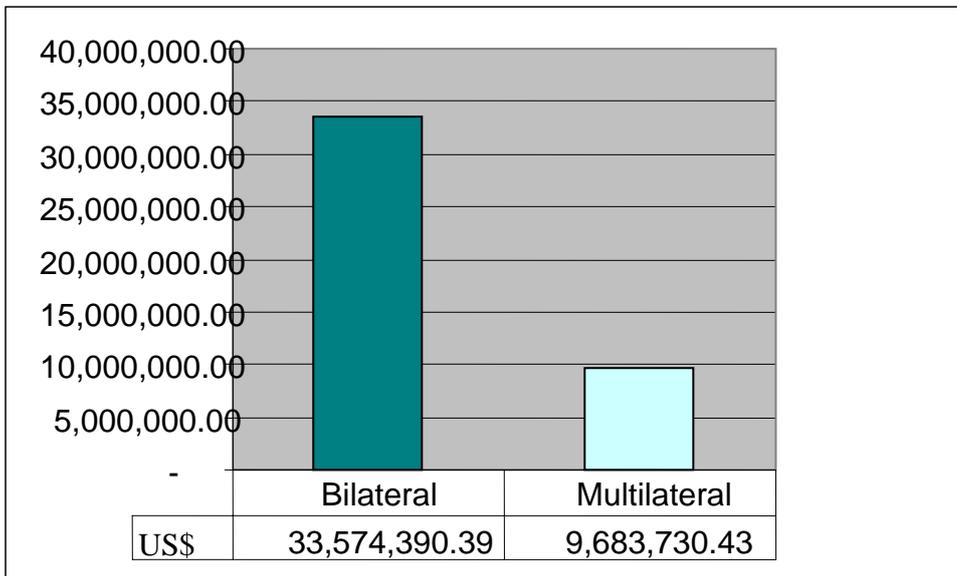


Figure 10:
Total HIV and AIDS Spending by International Source in 2007
(USD)



As it was in 2006, Government had also been supported by numbers of international partners (bilateral and multilateral). This will bring the Government of Indonesia as well as the NAC to the sustainability challenge, how to ensure the fund for maintaining activities as well as promoting actions based on National Action Plan, how to obtain support from National Government and how to get commitment from the local government.

Bilateral Contribution

Of all bilateral commitment in 2007, significant contributions were still provided by the government of UK (DFID), USA (USAID) and Australia (AusAID). About 43.31% of the funds were supported by Indonesia Partnership Fund (IPF) financed

by DFID, mostly managed by UNDP as Financing Agent, and has been disbursed to some other partners/ institutions. The proportion of the bilateral funds from AusAID was 28.71% (mostly implemented by GRM/IHPCP) and USAIDS 21.34% (mostly implemented by FHI/ASA), and the rest (less than 1%) was provided by other partners which were the government of Japan (0.28%) and Netherland (0.20%). These two last partners were mostly focus on supporting the Indonesian Red Cross.

**Table 7:
AIDS Spending by Bilateral Partners in 2007
(in USD)**

| No | Source | Total | % |
|-----------|--------------------|----------------------|----------------|
| 1 | UK (DFID) | 14,542,239.00 | 43,31% |
| 2 | AUSTRALIA (AusAID) | 9,639,336.03 | 28,71% |
| 3 | US (USAID) | 9,234,395.00 | 27,50% |
| 4 | JAPAN | 92,906.33 | 0,28% |
| 5 | NETHERLAND | 65,514.04 | 0,20% |
| | TOTAL | 33,574,390.39 | 100,00% |

Multilateral Contribution

During 2007, Multilateral contribution was dominated by UN Agencies, of which UNICEF contributed about 39% of all total UN Agencies support. The Global Fund, on the other hand, decreased their support down to the second largest of donor contribution providing about USD 3,656,642,00. It was identified that other participants were having an HIV program as well such as World Bank (USD. 310, 00.00) focusing their support on HIV related Research and European Union contributed around USD. 313,128.85. In addition to CARE Indonesia, a multilateral joint partner to support the poor around the world, contributed their fund for HIV program in 2007 for about USD. 3.265. Data of these last three sources were recorded by the time the collecting period was finished.

**Table 8:
AIDS Spending by Multilateral Partners in 2007
(In USD)**

| No | UN AGENCIES | Sub TOTAL | TOTAL | % |
|-----------|--------------------|----------------------|--------------|----------|
| | | | | |

| | | | | |
|---|------------------------|--------------|---------------------|---------------|
| 1 | UN AGENCIES | | 5,400,313.16 | 55.33 |
| | ▪ WHO | 671,715.00 | | |
| | ▪ UNFPA | 1,174,735.64 | | |
| | ▪ UNICEF | 2,125,717.00 | | |
| | ▪ ILO | 771,405.00 | | |
| | ▪ UNAIDS Secretary | 604,233.37 | | |
| | ▪ UNESCO | 52,525.00 | | |
| 3 | GLOBAL FUND | | 3,656,642.00 | 37.46 |
| 3 | EUROPEAN UNION | | 313,128.85 | 3.23 |
| 4 | WORLD BANK | | 310,000.00 | 3.20 |
| 5 | OTHER INTERNATIONAL | | 3,627.93 | 0.04 |
| | TOTAL | | 9,683,730.43 | 100.00 |

2) PUBLIC SOURCES

There were two level of public expenditure: Central and Sub National. Most of the public AIDS spending was from central government, through MOF and was distributed proportionally to 12 ministries including MOH and other ministries.

It was identified that not only MOH, but also Coordinating Ministry for People Welfare (MENKOKESRA) distributed funding to other agencies. MENKOKESRA does not provide direct HIV and AIDS program it self but reassign all allocation for the National AIDS Commission to conduct the activities. Most of fund from MENKOKESRA was dedicated to NAC, and the Minister of the Department also has been in charged as the chairman of the NAC.

Meanwhile, Sub National generated their fund from central and local government. However, central government contribution has been accounted separately. And, as mentioned earlier personnel spending was also included in the analysis.

Central Level Contribution

Table 9 illustrates the distribution of central contribution (including salary).

**Table 9:
Central Level-Public Spending by Ministries/Department in 2007
(In USD)**

| No | Ministry/ Department | Expenditure | % |
|----|----------------------|-------------|---|
|----|----------------------|-------------|---|

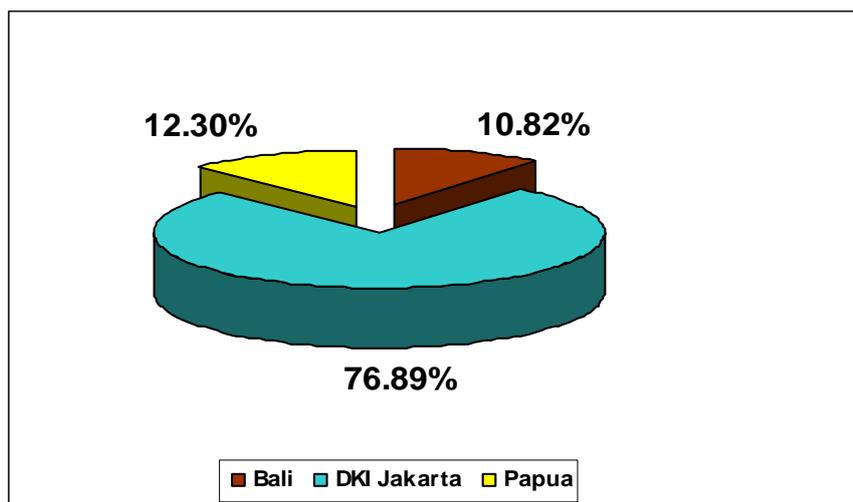
| No | Ministry/ Department | Expenditure | % |
|-----------|--------------------------------------|--------------------|---------------|
| 1 | Ministry of Health | 10,072,656 | 75.78 |
| 2 | Coordinating Ministry of Welfare | 325,138 | 2.45 |
| 3 | Ministry of Labor and Transmigration | 11,435 | 0.09 |
| 4 | Ministry of Women Empowerment | 49,804 | 0.37 |
| 5 | Military Force (TNI) | 23,663 | 0.18 |
| 6 | Ministry of Education | 120,277 | 0.90 |
| 7 | National Family Planning Board | 2,059,136 | 15.49 |
| 8 | Ministry of Social Welfare | 200,993 | 1.51 |
| 9 | Ministry of Internal Affair | 103,324 | 0.78 |
| 10 | Ministry of Transportation | 19,304 | 0.15 |
| 11 | Ministry of Law and Human Right | 40,617 | 0.31 |
| 12 | Ministry of Defense | 266,341 | 2.00 |
| | Total | 13,292,688 | 100.00 |

Contribution from Central level is predominantly provided by the Ministry of Health as the key player for most of the activities of HIV AIDS program in Indonesia (reaching to 75,78% of total funding for central government). It was then followed by the National Family Planning Board as the second largest (15.49%).

Sub-National Expenditures

Total AIDS expenditure by the Sub National level (3 selected provinces) in 2007 was approximately amounted to USD 2,120,588.93 (including salary). Data depicted that amongst the three provinces, DKI Jakarta is the province with highest HIV expenditure within the year (USD 1,630,434.78), followed by Bali (USD 229,396.03) and Papua (USD 260,758.11)

Figure 11
Proportion of AIDS Spending by 3 Selected Provinces in 2007



3. AIDS SPENDING CATEGORIES

As discussed earlier, using NASA category, we can divide the HIV program response into 8 major categories with 80 sub categories.

Spending category for public spending data can be traced into 80 detail sub categories. (See annexes). Only few numbers of International partners can share their data in detail sub categories (USAID, Indonesia Red Cross and European Union). Information on subcategory is useful to see the resources used for particular program. For example: it was found that in 2006 the Ministry of Labor had spent USD 2.700 for HIV and AIDS prevention program (IEC distribution in working place (ASC.1.11.4), increase to USD 11.435 in 2007. The Ministry of Education had allocated the expenditure for research on awareness of HIV among students and teachers at school (ASC 8.4) accounted for USD 7.435 in 2006, slightly decreased to USD 4,894 in 2007.

Of total expenditures, prevention program consumed the highest proportion of fund (41.76%), followed by care and treatment and program management (34.59% and 15, 89% respectively) as seen in table 10. It was found that about USD 370 thousand spent for Research on HIV (primarily funded by World Bank). Orphan and vulnerable children program used the smallest proportion of the fund.

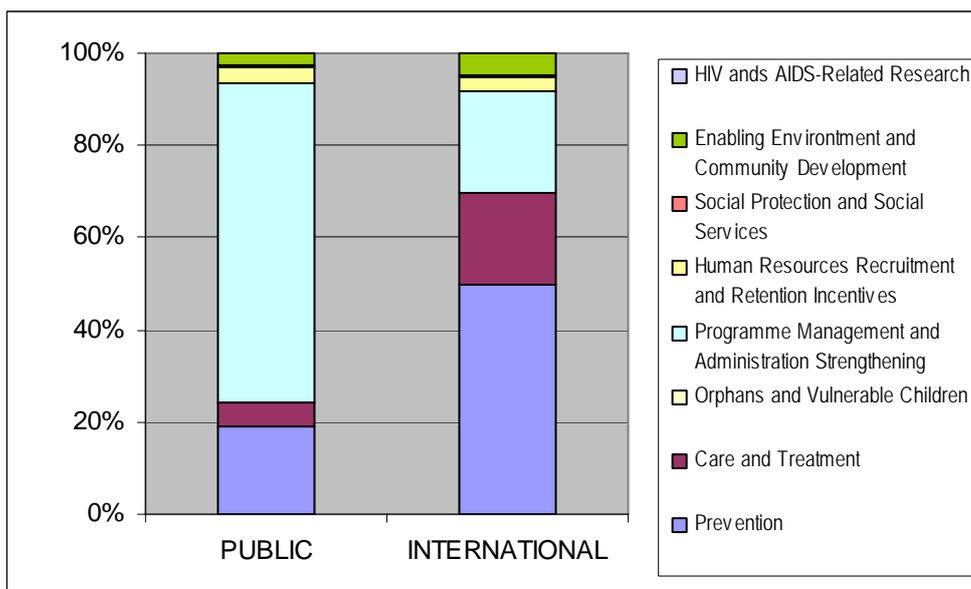
Table 10:

AIDS SPENDING CATEGORIES in 2007 (including salary)
(In USD)

| NO | AIDS Spending | TOTAL | % |
|-----------|--|----------------------|---------------|
| 1 | Prevention | 24,369,081.15 | 41.53 |
| 2 | Care and Treatment | 9,269,524.96 | 15.80 |
| 3 | Orphans and Vulnerable Children | - | 0.00 |
| 4 | Program Management and Administration Strengthening | 20,191,408.74 | 34.42 |
| 5 | Human Resources Recruitment and Retention Incentives | 1,888,791.14 | 3.22 |
| 6 | Social Protection and Social Services | 206,703.54 | 0.35 |
| 7 | Enabling Environment and Community Development | 2,371,547.60 | 4.04 |
| 8 | HIV ands AIDS-Related Research | 374,340.64 | 0.64 |
| | TOTAL | 58,671,397.77 | 100.00 |

Both Public and International sources had different focus activities in combating the HIV and AIDS in Indonesia. The result shows that the government of Indonesia was focusing on program management, assigning the HIV budget for 38.96% of total HIV expenditure in 2007. On the other hand, International partners was consistent allocating their support to promote country's prevention program (87.93%) and still more spending on care and treatment as compared to public source. However, again, donor contribution for management / overhead was not included in the analysis, so in reality the proportion might be different.

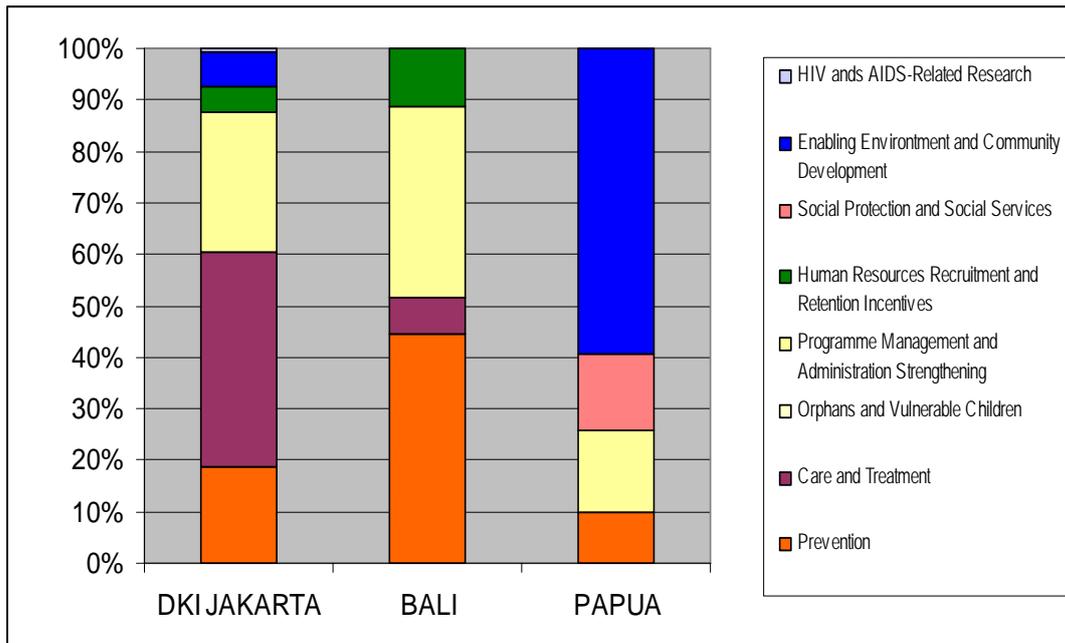
Figure 12:
AIDS Spending Categories by Public and International



For Sub National, the following figure reflects how the three selected provinces (Jakarta, Bali and Papua) contributed their resources. DKI Jakarta seems to spend more on care and treatment. Bali spent more on prevention activities; while, Papua was more concentrated on enabling environment and community development. Each province had their own reasons to decide which program to support and how to use the fund to implement for such activities. This study did not conduct interview informants for each province so that the analysis could not provide information on the linkage between expenditure and activities, or how efficient they use their resources

Since 2005, NAC has HIV/AIDS acceleration program in 105 selected districts within 22 provinces. Not only HIV AIDS cases data being collected but also funding allocation from each district and provinces were also gathered. It was found that the 105 districts had allocated about Rp 14,157,330,000 (USD. 1,538,840.22) in 2006, increased to Rp 19,093,411,440 (USD 2,075,370.81) in 2007, excluding provincial level spending. We learned that fund allocated by local government is still low with some possible reasons. However, several provinces with relatively higher incidence and prevalence such as DKI Jakarta, Papua, and Bali had allocated more budgets.

Figure 13:
AIDS Spending Categories by 3 Selected Provinces



AIDS Spending can be seen in the following NASA Matrix, reflects public and international sources for the 8 major AIDS spending categories in Indonesia. Detail of sub categories could be seen in the annexes

Indonesia HIV and AIDS Spending in 2007

| JANUARY - DECEMBER 2007 | | FINANCING SOURCES | | | | | | | |
|--------------------------|---|-------------------|------------------|--------------------|--------------|-------------------------|---------------|--------------------------|--------------|
| | | TOTAL | Public Sources | | | International Sources | | | |
| AIDS Spending Categories | | | Public Sub-Total | Central / National | Sub National | International Sub-Total | Bilateral | Multilateral (sub total) | UN Agencies |
| | TOTAL AIDS Spending (USD) | 58,671,397.86 | 15,413,277.04 | 13,292,688.11 | 2,120,588.93 | 43,258,120.82 | 33,574,390.39 | 9,683,730.43 | 5,400,331.16 |
| 1. | Prevention | 24,369,081.21 | 2,940,759.30 | 2,508,889.94 | 431,869.36 | 21,428,321.91 | 17,956,864.53 | 3,471,457.38 | 2,738,283.10 |
| 2. | Care and Treatment | 9,269,524.96 | 782,071.03 | 83,361.83 | 698,709.20 | 8,487,453.93 | 5,133,402.15 | 3,354,051.78 | 398,739.00 |
| 3. | Orphans and Vulnerable Children | - | - | - | - | - | - | - | - |
| 4. | Program Management and Administration Strengthening | 20,191,408.74 | 10,693,257.72 | 10,126,113.35 | 567,144.36 | 9,498,151.02 | 8,009,007.77 | 1,489,143.25 | 1,355,888.38 |
| 5. | Incentives for Human Resources | 1,888,791.17 | 541,652.10 | 426,029.60 | 115,622.50 | 1,347,139.07 | 1,097,734.07 | 249,405.00 | 111,762.00 |
| 6. | Social Protection and Social Services excluding Orphans and Vulnerable Children | 206,703.54 | 36,703.54 | - | 36,703.54 | 170,000.00 | - | 170,000.00 | 170,000.00 |
| 7. | Enabling Environment and Community Development | 2,371,547.60 | 409,820.50 | 148,293.38 | 261,527.11 | 1,961,727.10 | 1,358,061.37 | 603,665.73 | 595,572.51 |
| 8. | Research excluding operations research which is included under | 374,340.64 | 9,012.85 | - | 9,012.85 | 365,327.79 | 19,320.50 | 346,007.29 | 30,086.18 |

CHAPTER V

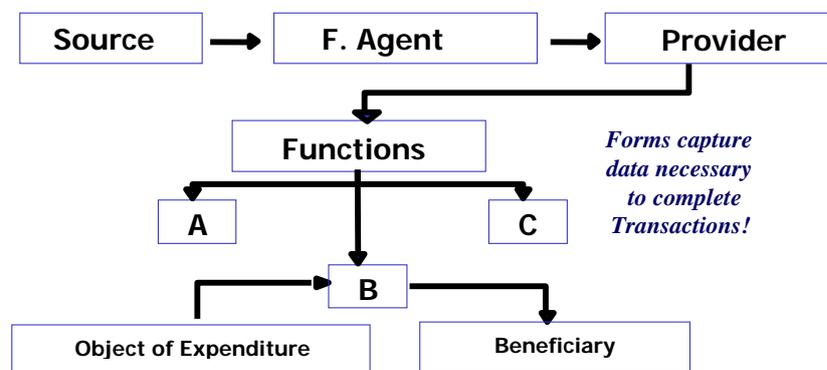
DISCUSSION

1. THE FLOW OF FUND

sing NASA instrument, this study may identify not only resources spent for HIV and AIDS program response for certain year, it also facilitates the analysis to track the spending from the source down to the agent and beneficiaries. Ideally, tracing the flow of fund would consider not only top down approach but also combining the investigation through bottom up technique. Besides, the investigation only used the top down approach for this study, and some detail information on how the fund being used might be missing since no data for the basis to disaggregate. For example, one donor may allocate the fund to one or more NGO to carry out some activities under certain program category. According to the objectives of the study, this study only focusing on the sources and agent, and did not assess more detail on how the NGO used the fund for each activity. How the fund benefiting the target was not assessed, and no beneficiary data provided in this report.

One of the strength of NASA tool is that the financial flow is discussed in detail. Tracing the source down to the beneficiaries can be seen in figure 14.

**Figure 14:
Flow of Fund**

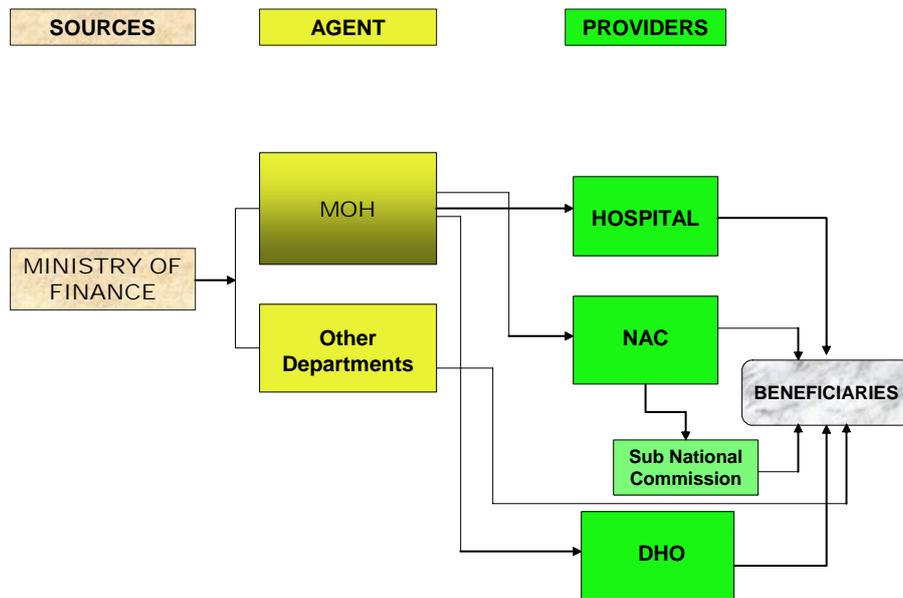


Source: NASA Classification, UNAIDS 2006

The flow of Public Fund

To understand how public source was flowing, the following figure presents the flow of fund.

**Figure 15:
The Flow of Public Fund**



Sectors might design HIV and AIDS response program according to their interest and propose the budget to the MOF. So, for public funds the MOF is the main sources and other ministries are the agents. In particular case, the agent might provide services as well (acts as provider). For example, whenever necessary, MOH conducts HIV campaign for PLWHA or distributing condom during campaign session, etc.

Ministry of Finance is not only the source of central public funding, but also source fund for sub national activities. Sub national flow of fund might be more complicated. The sources of fund are basically from MOF disbursed through the central ministries/departments, as well as budget allocated through local government. Local NAC is a focal point for HIV and AIDS related activities at the sub national level, and sometimes other partners (NGO or Providers) are involved to provide services to the beneficiaries.

The Flow of International Fund -

International commitment to fight HIV and AIDS in Indonesia has been inevitable. Their contribution has reached to higher amount that it was budgeted by government of Indonesia ever since. Their role as the Indonesian partners have been scaled up the HIV related activities for years.

In 2006, it was identified that there are Global Fund, Indonesia Partnership Fund, USAID (through FHI as the agent), AusAID (through GRM as the agent) and some other international partner funds which mostly participated in combating the HIV in Indonesia. And, in 2007 it was found that European Union seemed also playing their role recently, mostly in West Java

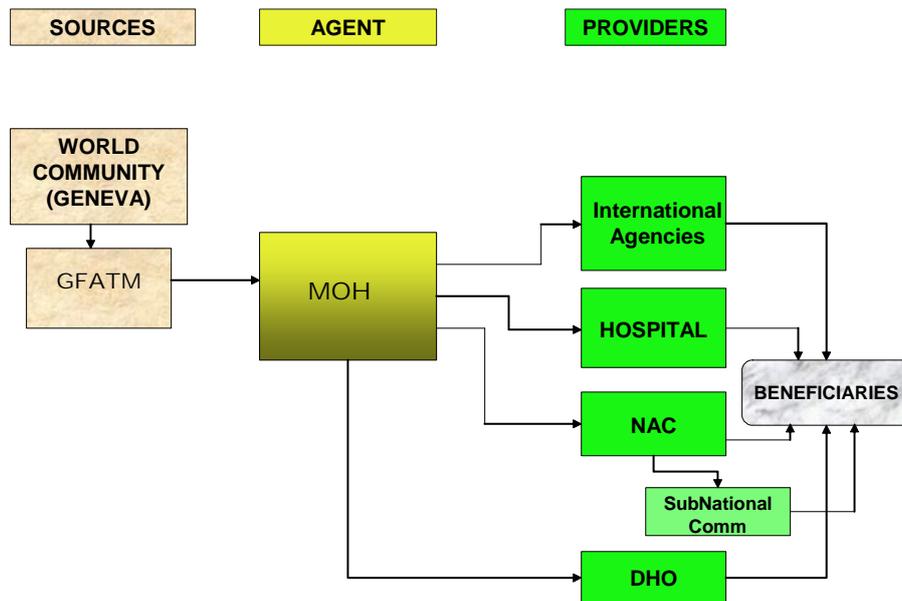
The description below describes how the fund flows; some of those major agents are:

GLOBAL FUND

International Funding within GF partnership has been playing a very significant role in supporting the government to combat the HIV and AIDS. Global Fund, consisting of a group of countries and International Foundation, had given the financial support since 2005. This international funding was predominantly distributed through MOH as its financing Agent, in addition to a few other departments and International partner as well as local NGOs.

In 2006, Global Fund also approved USAID to distribute the fund by supporting activities by institutions or NGOs. In this case, this bilateral partner would also play the role as financing agent for Global Fund. More than US\$ 10 millions were distributed during 2006 to finance the national intervention response through MOH. This international partner had decreased their support to only less than USD 4 millions in the previous fiscal year. The following figure illustrates the flow of GFATM Fund, especially in 2006.

Figure 16:
The Flow of Global Fund

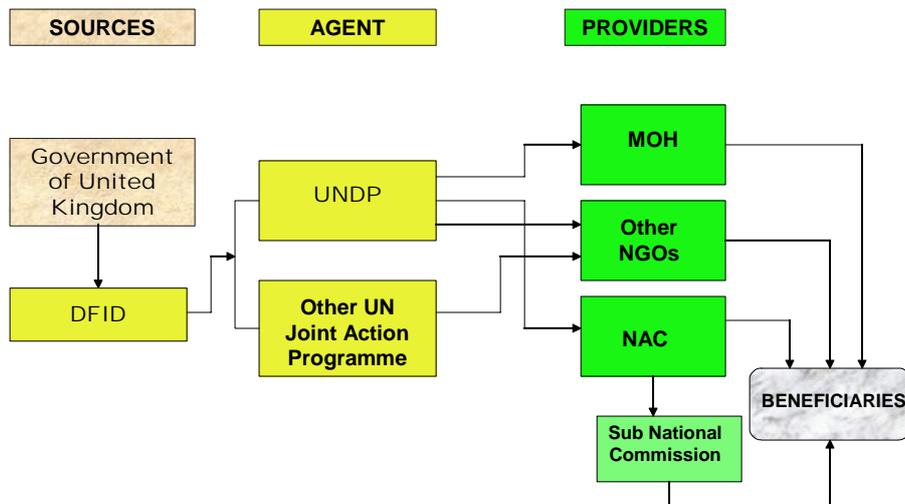


INDONESIA PARTNERSHIP FUND (IPF)-DFID

In 2006, IPF contributed more than 35% of total international support, including bilateral and multilateral partnership, and decreased to 34% in the following year (2007). Yet, its support showed the largest among other bilateral partners. As mentioned earlier, IPF with UNDP as the agent has been engaged with the national action against HIV in Indonesia since 2005.

As it was noted in IPF financial report 2007, the fund was initially established in May 2005 in supporting the National Action Framework, until the National AIDS Strategy was set up. The Indonesian Partnership Fund’s implementing partners include: the UN agencies, Family Health International (FHI), AusAID Indonesia HIV Prevention and Care Project (IHPCP) and DKT Indonesia, as well as NAC Indonesia. All the partners are coordinated under the National AIDS Commission (NAC), who has been managing the IPF with technical support from UNAIDS, and fiduciary management support from UNDP. The initial design team in 2005 had identified selected partners who were able to rapidly scale up their activities. The following figure may reflect the flow of Indonesia Partnership Fund from source, agent and down to the beneficiaries:

**Figure 17:
The Flow of Indonesia Partnership Fund**



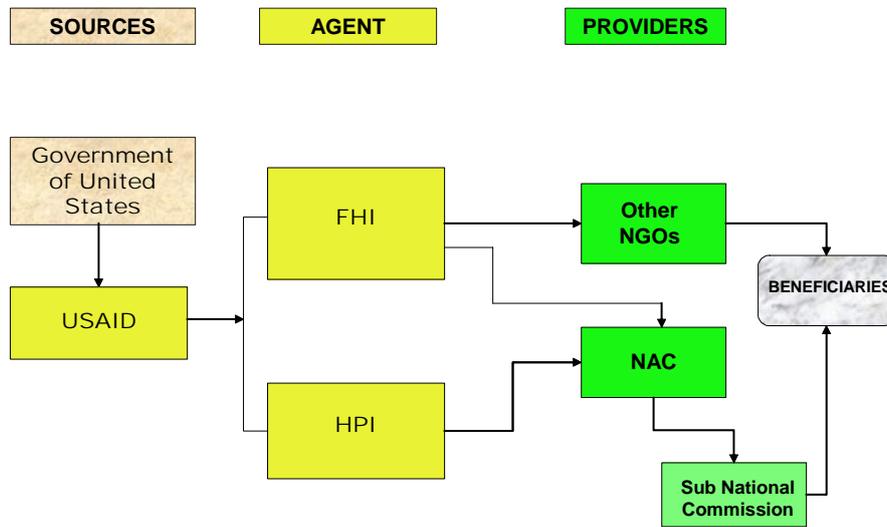
FAMILY HEALTH INTERNATIONAL (FHI) AND HEALTH POLICY INITIATIVES (HPI)

Family Health International (FHI) and Health Policy Initiatives (HPI) are the United State Government program to provide HIV and AIDS technical assistances in Indonesia. These two projects were dedicated to play a role as financing agent of funding available for fighting against HIV/AIDS in Indonesia. FHI implements a project called AKI STOPS AIDS (ASA) in 8 provinces, while HPI projects had disbursed more than US\$ 140 thousands to support HIV and AIDS program on funding the program and management strengthening as well as enabling environment in 2006. The fund was mostly from USAID of which it might be generated from USA government funding as well as some other International partners, such as IPF and the Global Fund

Obviously, the FHI would collaborate with other institutions, for example with MOH and local NGOs, to distribute the fund (to be used by implementers). It was reported that FHI had spent approximately US\$ 6,809,919 during 2006, which was more than 95% of HIV spending from USAID went through the FHI. The following figure may show such flow of fund.

Figure 18

The Flow of Fund from the Government of USA (USAID)



GRM INTERNATIONAL

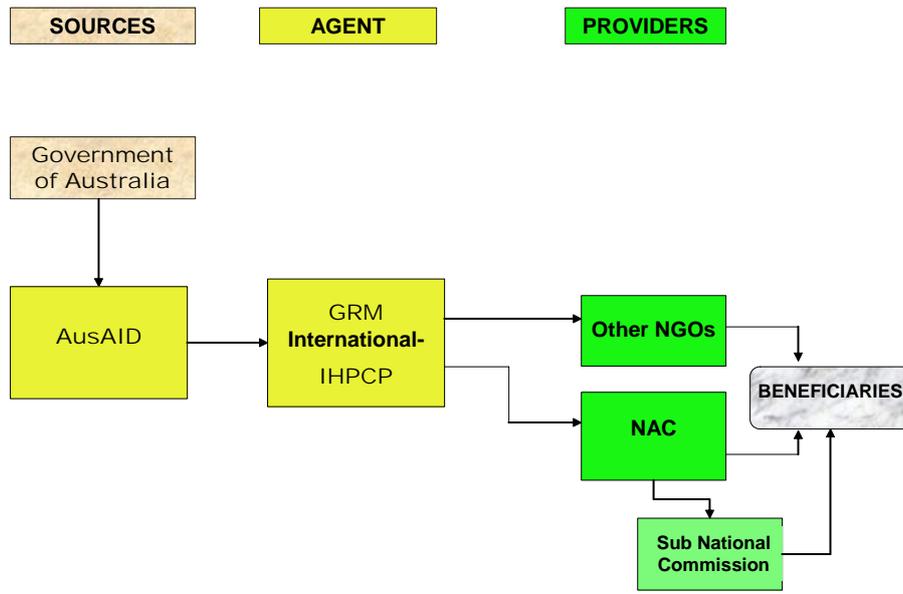
The government of Australia through GRM International with other international donor had participated on funding HIV and AIDS program in Indonesia for years. GRM International is a leading international development management company concentrating in the provision project design, management expertise and technical assistance to development projects for bilateral and multilateral funding agencies, governments and corporations.

Through project called Indonesia HIV Prevention and Care Project (IHPCP), Australia Government (AusAID) had funded for more than US\$ 6 millions to support HIV and AIDS program in Indonesia. As it is stated that the project is basically providing HIV prevention and care activities, therefore, most of the fund was allocated to this two AIDS spending categories.

The activities require local partner assistances. GRM International has assigned MOH and local NGOs to distribute the funds ever since. It's collaboration with the agent has achieved significant impact on scaling up program. Through local NGO,

IHPCP funding has financed the initiated program to conduct routine impact survey (BSS) in most at risk population target (harm reduction) in Indonesia.

Figure 19
The Flow of Fund From The Government of Australia (AusAID)

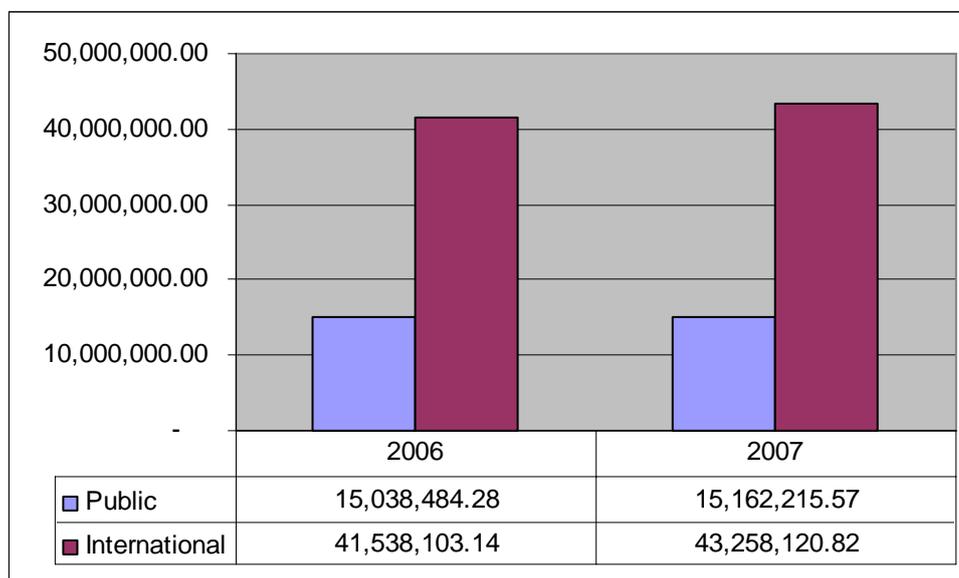


2. HIV AND AIDS SPENDING IN INDONESIA

NASA was used to identify the HIV expenditure for 2006 and 2007. Tracing the expenditure in this particular assessment was using the top down approach.

The following figure highlighted the comparison of AIDS Spending both from Public and International source in 2006 and 2007. The results without salary component have indicated that there were slightly different on funding spent in these two fiscal years, regardless current government policy to cut-off 15-25% budget in sectors in 2007.

Figure 20:
The proportion of Public and International Funding on HIV and AIDS
In 2006-2007 (excluding salary)
In US\$



The study revealed that total AIDS public and international expenditures in 2006 were about USD 56,576,587. It is obvious that international partners contributed more than 73% of total HIV/AIDS spending in the country. Government supports the 26.58% of the national intervention response activities. These two sources of

fund were spent predominantly for prevention program, followed by spending for care and treatment and program management as the second and third rank of the priority. However, spending for Social Protection and Social Services remained the least priority in 2006.

Spending for 2007 indicated similar pattern with spending for 2006 with significant international contribution as compared to government contribution.

International funding, especially bilateral partners were still dominating the support by providing USD 33,574,390.39 or approximately 57.47% of total non salary expenditure in 2007 (USD 58,420,336.39) . Comparison between 2006 and 2007 AIDS Spending is shown in table 12 below..

Table 12
AIDS Spending 2006 and 2007 (excluding salary)
(in USD)

| NO | AIDS CATEGORIES | 2006 | 2007 | TOTAL |
|-----------|--|----------------------|----------------------|-----------------------|
| 1 | Prevention | 23,179,628.26 | 24,303,368.43 | 47,482,996.70 |
| 2 | Care and Treatment | 14,073,522.64 | 9,242,355.82 | 23,315,878.46 |
| 3 | Orphans and Vulnerable Children | 45,849.74 | - | 45,849.74 |
| 4 | Program Management and Administration Strengthening | 12,161,368.45 | 20,094,700.82 | 32,256,069.27 |
| 5 | Human Resources Recruitment and Retention Incentives | 4,562,592.39 | 1,867,288.14 | 6,429,880.53 |
| 6 | Social Protection and Social Services | 27,173.91 | 202,065.22 | 229,239.13 |
| 7 | Enabling Environment and Community Development | 2,413,420.58 | 2,336,534.52 | 4,749,955.10 |
| 8 | HIV and AIDS-Related Research | 113,031.45 | 374,023.44 | 487,054.89 |
| | TOTAL | 56,576,587.43 | 58,420,336.39 | 114,996,923.81 |

3. INTERNATIONAL SUPPORT

As the epidemic is growing not only among most at risk population but also other population years by years, more financial support is absolutely required. International supports through bilateral and multilateral partnership have been significantly received to fight against the HIV and AIDS in Indonesia. Appointed HIV and AIDS as one of global critical agenda to support MDGs, is one of the reasons behind the international participation. The international partners had demonstrated their commitment by providing more than 70% of total AIDS spending in 2 consecutive years (2006 and 2007). Despite European Union was excluded in the discussion of 2007 spending, the figure was still indicating risen up to 2.57% compared to spending in 2006.

GFATM predominantly contributed the funds for HIV and AIDS in 2006. Instead, this multilateral partner significantly decreased their support down to USD 3,656,642.49 (only 35% of 2006 support) as well as positioning GF to the second highest multilateral support in 2007. It is recognized that the care and treatment predominantly had been funded by GFATM, and this will effect the sustainability of the funding for priority activities. Government should start to take more responsibility on funding the activities to fight against HIV and AIDS in Indonesia. International support might be still necessary to be considered as the benefit to scale up the activities. However, public source, both central and sub national should have been empowered to take more role in the future.

4. PUBLIC SOURCE FUNDING

Numbers of new HIV and AIDS cases were estimated increasing in the next ten years

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(National Action Plan 2006). This information has likely brought up financial impact to the government of Indonesia. All sectors related to HIV and AIDS program should have their budget increased. Otherwise, program response will not be succeeded in the long run.

The 2006 and 2007 AIDS Spending data demonstrated some good signs but still required to keep on enhancing the sectors to increase their budget. Besides, ASC tracing indicated that some challenges were also in place in terms of which allocation might be preferable and how much fund should be available. The ASC tracing of 2006 and 2007 spending was effective to show sector activities. It was also important to address the issue on government's budget cut in 2007 for at least 15-25% of the previous budget, for all sectors. This was a significant reason why the spending was not increasing; it can be seen that the public spending 2006 and 2007 was somewhat similar in a way of allocation and amount of fund spent.

The MOH reported that almost 100% of the allocation was absorbed in both years. MOH would be considered as a financing agent when Global Fund donated the fund for other Ministries, such as Ministry of Labor. On the other hand the Global Fund also disbursed to other ministries directly . This department had been benefited from GFATM funding to support the activities including prevention on particular dissemination/HIV campaign in working place as well as to develop working group activity.

Table 13:
AIDS Spending by Ministry/ Department in 2006 and 2007 (excluding salary)
(in USD)

| No | Ministry Department | 2006 | % | 2007 | % |
|----|--------------------------------------|------------|-------|------------|--------|
| 1 | MINISTRY OF HEALTH | 12,543,092 | 95.17 | 10,015,399 | 76.20% |
| 2 | COORDINATING MINISTRY OF WELFARE | - | | 325,138 | 2.47% |
| 3 | MINISTRY OF LABOR AND TRANSMIGRATION | 17,793 | 0.14 | 7,391 | 0.06% |
| 4 | MINISTRY OF WOMEN EMPOWERMENT | 19,651 | 0.15 | 43,608 | 0.33% |

| No | Ministry Department | 2006 | % | 2007 | % |
|----|---------------------------------|------------|--------|------------|---------|
| 5 | MILLITARY FORCE (TNI) | 48,478 | 0.37 | 9,783 | 0.07% |
| 6 | MINISTRY OF EDUCATION | 116,206 | 0.88 | 115,223 | 0.88% |
| 7 | NATIONAL FAMILY PLANNING BOARD | 23,033 | 0.17 | 2,048,506 | 15.58% |
| 8 | MINISTRY OF SOCIAL WELFARE | 188,490 | 1.43 | 181,236 | 1.38% |
| 9 | MINISTRY OF INTERNAL AFFAIR | 25,992 | 0.20 | 92,400 | 0.70% |
| 10 | MINISTRY OF TRANSPORTATION | 24,457 | 0.19 | 16,304 | 0.12% |
| 11 | MINISTRY OF LAW AND HUMAN RIGHT | 9,626 | 0.07 | 28,911 | 0.22% |
| 12 | MINISTRY OF DEFENSE | 162,645 | 1.23 | 260,462 | 1.98% |
| | Total | 13,179,462 | 100.00 | 13,144,361 | 100.00% |

In 2007, MOH experienced decrease in AIDS spending. It is obvious that one reason is the budget was cut by the GOI for efficiency issue (this happened for all programs, not only HIV/AIDS, and for all sectors, not only MOH). Other reason is that for the 2007 data from other actors within MOH (the fund holder is not only Sub-directorate of AIDS, but also Medical Services and Pharmacy, and can be some other units) might also be missed. However, this would not add the figure on spending significantly.

Other department such as Ministry of Defense spent about USD 162.645 of public source in 2006. The allocation seemed to increase to approximately USD 260 thousands in 2007. The spending was more than 50% of total budget for drugs supply. The rest were distributed for intervention on prevention program to target the military force who works particularly in border areas. In term of collaborated activities with the Indonesia Army (TNI), Ministry of Defense was assigned to conduct HIV and AIDS surveillance program.

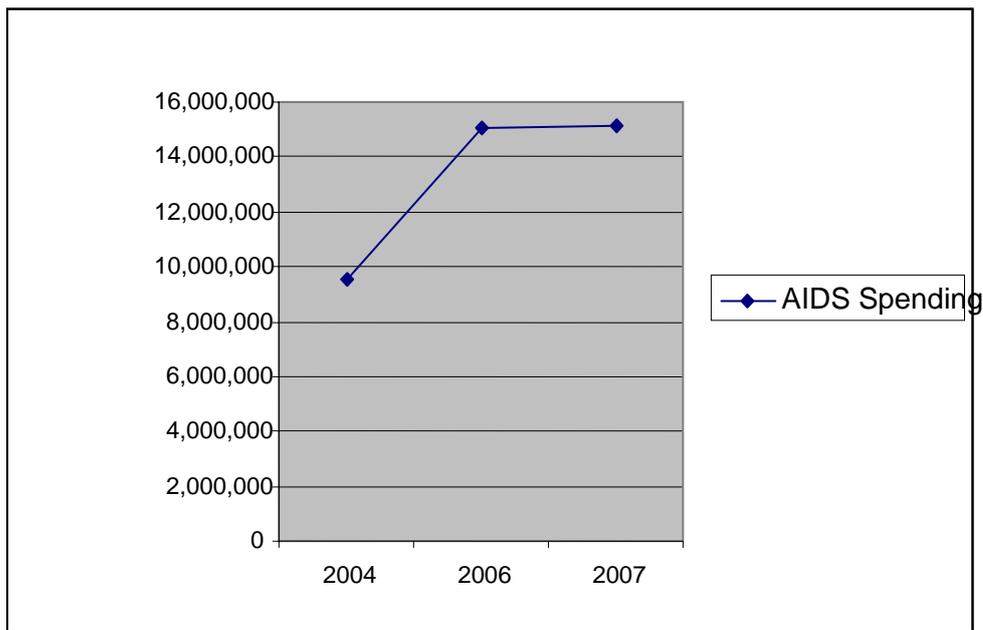
The Army has more than 60 hospitals spread out all over the region including one of the biggest in the country, on the other hand, has not equipped with comprehensive STI and VCT service facilities. Yet, the HIV/AIDS expenditure from government source was US\$ 48.078. The spending was focused on prevention program for most at risk population, such as military force working in the border area including condom distribution. In doing so, the care and treatment service also was provided for HIV infected soldiers.

Most of the department dealing with HIV related program had their activities to include more on prevention program, particularly for HIV dissemination/ campaign. It might happen to have similar target population at the same time by two different departments such as Ministry of Internal Affairs or MOH and National Family Planning Coordinating Board. For example, the campaign among pregnant women in health centers. Both departments had allocated the fund for this event. Inefficiency can be avoided by collaborating same activities of the program, or develop a more integrated activities. The National AIDS Commission could take an important role to inform/ disseminate information and advocate the sectors and providers regularly, on what intervention response can be contributed effectively based on their core competencies.

Other important issue was regarding sub national source of fund. According to the data available from NAC, the total HIV and AIDS budget for sub national accounted for USD 2,943,149.24 in 2007 and covered about 105 districts target. Regardless the method used, the estimation revealed that of the total sub national expenditure on AIDS in Indonesia, Jakarta contributed more than 40% (US\$ 1,195,652). Spending on HIV varied amongst sub national level depending on the problem and target of the area, and local government's commitment. There might be some misperception amongst local stakeholders towards HIV issues. Many people remain unaware that the epidemic is already threatening, still assuming that the HIV is supposed to be an individual responsibility to deal with.

Compare to AIDS spending in 2004 (Figure 18), public expenditure in 2006 had significantly risen, reflecting more activities related to the national response in 2006. Many agendas to scale up more activities in combating against HIV in Indonesia had been accomplished, or in progress until middle 2007 such as providing prevention and care and treatment throughout the region, strengthening human resources, etc. While in 2004, the activities might not as extensive as those in 2006 and 2007. Besides, HIV infected people were statistically inclined to higher in prevalence as it refers to figure 1.

Figure 21:
Public Spending on AIDS in 2004, 2006 and 2007



The 2006 and 2007 spending shows that international sources contributed more than public source (70%). This finding is a challenge for the stakeholders if this support is discontinued. Government, central and sub national, have to put more concern toward future HIV program since there were many essential programs depending on donor's support. For example, care and treatment program were 100% funded by the Global Fund. In fact, in 2007 Global Fund had decreased their support down to 35% of the previous year. Looking at the number of people infected HIV in 2006 which is about 2.650 within a year; the issues of sustainability were becoming relevant to explore more on the discussion amongst the stakeholders.

5. NASA and Resources Need Model (RNM)

In 2006, NAC initiated to estimate resources needed for HIV and AIDS program in Indonesia. The activities was designed to support the National Action Plan (NAP). The National Action Plan was estimating how much resources needed for certain fiscal year using GOALS –Resources Need Model. This model assumed to cover 80% of population target in 2006. Program response consist of 4 major activities: 1) prevention, 2) care, support and treatment, 3) mitigation, 4) policy, management, monitoring, surveillance and research.

Considering the differences of epidemic characteristics, the estimation should be divided into two part.: estimation for 17 provinces (concentrated epidemic) and generalized epidemic (population).

Table 14
Resources Needed in 17 provinces during 2006-2010
(IDR)

| Program | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| Prevention | 265.125.811.951 | 451.163.614.948 | 813.046.321.813 | 1.174.136.670.868 | 1.450.966.214.619 |
| Care, Support and Treatment | 62.471.777.340 | 121.014.399.165 | 199.202.398.492 | 282.346.162.646 | 369.139.710.772 |
| Mitigation | 906.951.333 | 4.489.409.100 | 9.432.293.867 | 14.810.515.274 | 21.766.832.001 |
| Policy, Advocacy, Administration, Monev | 131.401.816.250 | 201.833.598.124 | 306.504.304.252 | 441.388.004.637 | 515.724.372.070 |
| Total | 459.906.356.874 | 778.501.021.337 | 1.328.185.318.424 | 1.912.681.353.425 | 2.357.597.129.462 |

The RNM-GOALS of 2006 AIDS expenditure showed that to have a comprehensive program to cover the target program, it is required an approximately IDR 778.501.021.337 or USD 84,619,676 in 2007 and still growing up to IDR 2.357.597.129.462 or USD 256,260,558. in 2010. The following table represents resources needed in 2006-2010: using RNM –GOALS

Basically, RNM was designed to estimate future resources requirement for funding the HIV and AIDS by utilizing the intervention package. While NASA is appropriate to use for tracing current spending of the intervention program (AIDS Spending Categories). It is interesting to acknowledge the different insight of two concepts in evaluating and monitoring financial policy for HIV and AIDS program response in Indonesia. These two tools have its purpose to see the budget needed versus ‘resource available so far’, and it is expected that the shortfall can be filled in by all relevant stakeholders. Fortunately NAC has both data available; this would be followed up by proper advocacy to obtain sufficient resources.

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6. NASA AND National Health Account (NHA)

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ional health accounts (NHA) constitute the systematic, comprehensive and consistent monitoring of resource flows in a country's health system. Based on the National Health Accounts framework, it indicates that NHA reflect consistency across several variables (NHA-HIV/AIDS sub accounts), use of financial tracking, accounting and costing principles, and consisting of some boundaries and functions (health/non-health).

NHA in Indonesia captures health expenditure by source and agent. NHA study notified that there might be some missing information on spending on some priority programs such as HIV/AIDS. It was found that actually there are some HIV related programs allocated using different spending classifications. For example, HIV campaign through distributing condom (conducted by particular ministry/ department) while conducting seminar on juvenile delinquency for youth out of school. The ministry did not record this activity as HIV and AIDS spending but classified them as other youth program spending. NHA revealed that this situation resulted in difficulties to provide an accurate sub account spending data. The sub NHA for specific programs does not exist at the moment. There are some studies in financing for AIDS, immunization and TB indicating a wide range of data available for particular purpose of spending classification. This NASA approach can be used as one pioneer to introduce specific program account to enrich the health account in Indonesia. It is obvious that under NHA so far no information on donor's contribution for specific programs such as HIV/AIDS. The main challenge here is that NHA is focusing more on the 'agent' as well as funds flow down to the provider and beneficiaries, while what the NASA figures provided so far is focusing only on the 'sources' of fund information, related to the UNGASS requirement.

7. POLICY ISSUES

• E

Effectiveness and Efficiency:

The study is not aiming at evaluating the economic efficiency of the provision of treatment. It is desirable that the allocation of resources for prevention activities

could be increased. This would lead to preventing the spread of the pandemic and curtailing the heavy financial burden of treatment costs in the future. It is also important to determine which preventive interventions are most cost-effective in containing the impacts of HIV/AIDS so that allocations to these activities can be increased. For the financing point of view, it is important to evaluate whether the programs funding have been used for the key targeted populations. Since the budget system in Indonesia is fragmented, a special study on this might be useful, so that the allocations can be increased effective and efficiently in the future.

- **Equity:**

Equity is a matter of 'fairness', reducing the disparities. The equity analysis is very useful to indicate equity. Equity is also related to the 3 main variables: need, geography and socioeconomic. Ideally, data can show how the Government budget was allocated for priority activities and who benefiting the program. Since the study objectives are not intended to describe the beneficiaries and the data is not available, this report does not touch this issue. Bottom up approach might be useful to respond this issue. Data from community level could demonstrate whether patients in different socioeconomic status received different level of treatment, and obtained access to different technologies. Benefit incidence analysis can be further elaborated using both supply side data from NASA and community based data.

- **Sustainability:**

As discussed earlier, the international partner still contributed more than public fund. The GOI cannot rely on donor funds in the long term. HIV AIDS is one priority program under both Global and National Commitment. However, how to sustain the government funds remain unclear. Advocacy is highly important, at both national and sub-national level. Using NASA and RNM tool to describe the shortfall is useful, but need commitment to regularly update the data and consequently use the result for planning, monitoring and evaluation.

CHAPTER VII

CONCLUSION
AND
RECOMMENDATIONS

1. CONCLUSION

NASA tool has been successfully used for this study. Of course, some limitations are in place, but do not impact the overall picture of the findings. Some limitations we noted are:

1. Data for national level might still underestimate in terms of some missing information from the sectors. For example, sectors may classify the activity as non AIDS related but in reality related to AIDS program such as school program activities, prevention on drug abuse (including HIV-AIDS prevention), youth program etc.
2. This study has covered most of the major sources of fund for AIDS programs in Indonesia. However, some donors or NGOs who actually involved in AIDS activities may not covered in this study.
3. The sub-national data is only represented by three selected provinces: DKI Jakarta, Bali and Papua.
4. No data available for provider and beneficiaries. This might have implication if one would use it as sub NHA (NHA is focusing on the agent and provider)
5. No further analysis on efficiency and equity since the information is limited

However, the study could support NAC and other sectors to inform the spending on AIDS in Indonesia from different sources, how the fund flows, implication for policy, and next steps for planning, monitoring and evaluation. The study revealed that:

1. In 2006, total HIV and AIDS expenditure was USD 56,576,587, of which 73.42% (US\$ 41,538,103) was financed by international sources and 26.58% (USD 15,038,484) by the public sector (central and local government), while private sources was not included in the analysis since the data was not available.
2. Total AIDS expenditure in 2007 was accounted for USD 58,671,397.77 of which 73.73% (USD 43,258,120.82) was financed by international sources and 26.27% (USD 15,413,277. 95) by the public sector (central and local government). Data indicated that the international partner still contributed more than public fund.
3. In 2006, total AIDS expenditures at the sub-national level (3 provinces) amounted to US\$ 1,859,021 or 12.36% of total public spending. Among the 3

provinces sampled, DKI Jakarta is the province with highest HIV and AIDS expenditure within the year (US\$1,195,652), followed by Papua (US\$ 545,464) and Bali (US\$ 117,905). Other provinces contribution was not included in the analysis since information on spending category is not available.

4. Total AIDS expenditure by the Sub National level (3 selected provinces) in 2007 was approximately amounted to USD 2,120,588.93 (including salary). Data depicted that amongst the three provinces, DKI Jakarta is the province with highest HIV expenditure within the year (USD 1,630,434.78), followed by Papua (USD 260,758.11) and Bali (USD 229,396.03)
5. In 2006, harm reduction programs were the government's major area of expenditure in the national HIV response in Indonesia. Most of the care and treatment spending was for providing treatment of opportunistic infection (OI). GFATM support for care and treatment was higher than any other sources of funding and accounted for about 67% of total resources to fund care and treatment programs. Social Protection and Social Services was the lowest funded category in AIDS spending in 2006.
6. Of total expenditures, prevention program consumed the highest proportion of fund (41.76%) in 2007, followed by care and treatment and program management (34.59% and 15,89% respectively) as seen in table 10. It was found that about USD 370 thousand spent for Research on HIV (primarily funded by World Bank). Orphan and vulnerable children program used the smallest proportion of the fund.
7. The international partner still contributed more than public fund. The GOI cannot rely on donor funds in the long term. How to sustain the funds remain unclear. Advocacy is highly important, at both national and sub-national level. Using NASA and RNM tool to describe the shortfall is useful, but need commitment to regularly update the data and consequently use the result for planning, monitoring and evaluation.

2. RECOMMEDATIONS

Analysis of AIDS Spending in 2006 indicates that the majority of funding was come from international sources. The international participation continues into 2007 While data available from public sector is limited, there is almost no known funding from the private sector. In this context, the following recommendations are made:

1. **Sustainability:** The government of Indonesia should prioritize HIV programs by increasing the budget allocations. The government of Indonesia should begin to phase out the international support for programs such as care and treatment (which currently supported mostly by GFATM), or prevention, and gradually take over the role in the future. The government should increasingly fund these programs, depending less on external sources in the future, and eventually should take the role as the main source of funding for all program areas.

2. It is recommended to conduct further analysis on the ‘agent’ components and how the fund flows down to the provider and beneficiaries. The result could be used as additional information for NHA. To do this, a more in-depth study needs to undertake.
3. Data at the sub-national level was collected from only 3 provinces. It is recommended that the NAC and MOH to track expenditure from other provinces, both by source and by spending category, and highlight disparities between provinces with high and low prevalence and resource implications. Additionally, the National AIDS Spending Assessment (NASA) provides a set of spending categories which can be used for monitoring and evaluation purposes. It is proposed that NAC institutionalize a process of tracking expenditures using NASA tools, not only for future UNGASS reporting but also for resource mobilization and advocacy purposes.
4. NASA has three well defined stages for resource tracking reporting: (1) **public spending** from central, sub-national, local and municipal governments; (2) **international financing** from bilateral and multilateral agencies and (3) **private expenditure** from corporations, NGOs and households. Public spending and external funding figures are part of the routine collection process and of the UNGAS monitoring system. It is also recommended that the NAC collate data on expenditure from private sources. This could be done through data collection from providers, private companies and a household survey, especially in provinces with high prevalence.